# EAST-WEST RELATIONS

## HEARING

BEFORE THE

## COMMITTEE ON FOREIGN RELATIONS
## UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

FEBRUARY 2, 1982

Printed for the use of the Committee on Foreign Relations

U.S. GOVERNMENT PRINTING OFFICE
91-117 O WASHINGTON : 1982

S381-21

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# EAST-WEST RELATIONS

**TUESDAY, FEBRUARY 2, 1982**

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
*Washington, D.C.*

The committee convened, pursuant to notice, at 9:50 a.m., in room 4221, Dirksen Senate Office Building, Hon. Charles H. Percy (chairman of the committee), presiding.

Present: Senators Percy, Helms, Lugar, Mathias, Kassebaum, Boschwitz, Pressler, Pell, Tsongas, Cranston, and Dodd.

OPENING STATEMENT

The CHAIRMAN. Mr. Secretary, we warmly welcome you here this morning. As I indicated to you previously, we will have only one interruption this morning, and that will be whenever nine members of the committee are present and we have a live quorum. We will vote out a few treaties and some of the nominations that have been pending, including that of the Deputy Secretary of State as well as some of our friends in the Congressional Relations Office. We will just take a moment of time for business to do that when we have nine members in the room.

This morning the Committee on Foreign Relations begins a series of hearings on East-West relations. This series was planned at the beginning of last year to occur after we had helped the administration put together its organization and create basic policy.

We did not realize at the time we were scheduling it that we would do it in such a timely fashion. We did not anticipate this kind of critical condition. But I think it is well that we do take a look at the long run of where we are going in East-West relationships.

It is appropriate that our leadoff witness for this series of hearings be Secretary of State Alexander Haig, who will present the administration perspective and policy on the major issues involved in East-West relations. These would include, among others certainly, control of nuclear weapons, United States-Soviet bilateral relations, U.S. relations with other countries of Eastern Europe, the policies of our major European allies and Japan toward the Soviet Union and Eastern Europe, East-West trade, and Soviet international behavior.

The Reagan administration came into office on a platform of vigorous competition with the Soviet Union, of cooperation where possible and in U.S. interests, and of determination to present the U.S.S.R. with a clear choice between restraint in its international behavior or penalties for Soviet behavior threatening the peaceful development of the rest of the world.

The administration has now had a year's experience in trying to shape a strategy to translate these attitudes into specific policies in the world as we find it today. We are now at a crucial crossroad in East-West relations. The Soviet Union is engaged in an attempt to repress reform in Poland while claiming that martial law there, with all its repressive implications, is an internal matter. At the same time, Moscow stands to profit from any substantial holes in a Western alliance consensus policy of reaction to the repression in Poland.

They will make every effort, as you well know, Mr. Secretary, better than probably anyone in our country and in the free world, they will make every effort to exploit whatever differences we may have of viewpoint.

The Western alliance is a unique free association of sovereign democracies joined in a common purpose of strengthening our mutual security. Different perspectives and interests among member states on many specific issues are, as a rule, natural and healthy. But less than workable consensus on a major challenge like Poland is dangerous. It is dangerous to everyone. And it serves Soviet purposes. And our allies must understand this. It will cause the people of both Europe and America to question the relevance of the alliance for the grave problems of the 1980's. And already questions have been raised.

The United States has presented Polish authorities and their Soviet advisers with a choice: Either take substantial and concrete steps toward reversing repression in Poland, or we will have to take additional measures in reaction. Among the issues we need to address this morning are indications of whether Polish authorities or the Soviet Union will heed this warning, and what we will do if they do not.

I would ask Senator Cranston if he, on behalf of the minority, would want to make any opening statement. I am sorry that Senator Pell has not yet arrived.

Senator CRANSTON. Yes. I have a very brief statement. I thank you, Mr. Chairman.

I welcome you, Mr. Secretary, to this hearing.

I welcome this opportunity to learn more from Secretary Haig regarding the vital relations between the United States and the Soviet Union.

Throughout the first year of the administration I have shared the alarm with which so many Americans view the President's proclivity for approaching all global issues on East-West terms while ignoring regional sources of international tensions.

I believe this simplistic view has done real harm to our security interests as the administration has pursued policies abroad which have time and again placed us in conflict with our allies.

I share the abhorrence that most Americans feel regarding the Soviets' continued campaigns of aggression in Afghanistan and Southeast Asia, their pressures on Poland, and their disregard for the human rights guarantees provided in the Helsinki accords.

But I reject the type of total linkage theories which President Reagan has periodically embraced. I believe it is a serious failure that 15 months after his election President Reagan still has not

come forward with a position on the No. 1 issue of our times, strategic nuclear arms control.

The one partial exception, the carefully crafted November speech on European missile deployment, was produced by the President only after sustained international protests threatened the fabric of the Atlantic alliance. Fifteen months of strident administration rhetoric have led to the damaging and absurd situation where the United States, not the Soviet Union, has been placed on the defensive in international competition for support from the peoples of the world.

I recognize that this administration has its extremists and its moderates, its professionals and its amateurs in the field of foreign policy. And I wish to pay tribute this morning to the professionalism with which most State Department officials, including you, Mr. Secretary, have approached the critical issues of East-West relations.

A September 1981 Gallup poll found that 68 percent of the American people fear an all-out war with the Soviet Union will come during this decade. I believe we can prevent such a catastrophe and advance our national security interests if intelligent American leadership is provided. I know we must do so.

I believe that despite the fundamental differences which divide our two societies, the United States and the Soviet Union can press forward in pursuit of our mutual interests in curbing the mindless growth of our nuclear overkill capacities and we can reduce the terrible burden which the Reagan arms-race policies place upon our strained, sputtering economy.

I welcome the appearance of Secretary Haig this morning, and I look forward to hearing more about the Reagan administration's hopes and plans for the future of East-West relations.

Thank you very much.

The CHAIRMAN. Thank you very much.

This hearing will adjourn at approximately noon, in deference to the fact that President Mubarak is here and the Secretary must be at the White House shortly after noon. So we will observe the 10-minute rule.

Mr. Secretary, I understand you have a statement to make. We would be happy to have that statement now.

## STATEMENT OF HON. ALEXANDER M. HAIG, JR., SECRETARY OF STATE

Secretary HAIG. Thank you, Mr. Chairman. It is always a great pleasure, if not a treat for me to be with this committee. I do have a very brief statement, and I wanted to keep it brief to maximize the time for your questions.

I think clearly that the situation in Poland today dominates our concerns and is the major question on the overall East-West relationship. Today's hearing offers me a chance to review the results of my recent trip to the Middle East and to discuss briefly several other aspects of American foreign policy.

Let me begin by commenting on East-West relations and my meeting last week with Soviet Foreign Minister Gromyko. Ever since taking office, the President has stressed our desire for a constructive and mutually beneficial relationship with the Soviet Union. At the

same time, we have made clear to Moscow that such a relationship must be based on greater Soviet restraint, especially in the use of force or the threat of violence. The Soviet role in Poland and elsewhere, specifically, Moscow's lack of restraint, was therefore uppermost in my discussions with Mr. Gromyko in Geneva this past week.

No subject, including Poland, was omitted from those talks. During 8 hours of wide-ranging exchanges, we reviewed the situation in Afghanistan, Cuba, and southern Africa. Bilateral issues, including human rights and the plight of dissidents and minorities in the Soviet Union, also were discussed.

We also had a detailed discussion of arms control. This gave me an opportunity to explain the rationale behind President Reagan's initiative last November for zero levels of medium-range missiles to reduce tension over nuclear arms in Europe. I noted that the United States is actively preparing for START [strategic arms reduction talks] negotiations, which will initiate when conditions permit.

Time and again I emphasized that Soviet use of force or the threat to use force in order to frustrate peaceful change pose the greatest danger to our mutual interests. Soviet complicity in the Polish crisis, coming while Soviet troops occupy Afghanistan, and Moscow's arms flood to Cuba undermines the very basis for productive East-West relations.

The meeting provided a timely and important exchange of views. The President has pointed out that in time of crises clear communication between the United States and the Soviet Union is essential. There can be no mistaking our concern on recent Soviet actions, especially in Poland.

Mr. Chairman, we are witnessing in Poland events of historic magnitude. It is crucial that we understand what is happening, what it means to East-West relations, and what we can do to influence the situation.

Our policy is based on three principles for action. First, the Polish crisis is far from over. It represents a profound failure of Soviet-style communism that has affected the very basis of productivity in Poland. The Polish economy continues to decline. It can be revived only with the cooperation of the Polish worker on whom the brunt of repression has fallen.

But General Jarulezski does not seem prepared to answer the vexing questions of when martial law will be lifted or how national reconciliation can begin. Until he does, passive and not so passive resistance probably will increase in Poland.

Second, the West can and must act to influence the situation. Prudent and realistic action can encourage both Warsaw and Moscow to reconsider their march toward the abyss. Moreover, our handling of the Polish crisis will have far-reaching implications for Western credibility. If we do not take serious actions commensurate with our concern, then the Soviets might be encouraged to test our resolve at other critical points in the world.

Third, we must bear in mind that individual national actions become much more meaningful, especially for Moscow, in the context of Allied unity. Fifteen sovereign nations have never found it easy to act in concert, but this must be our goal. It would indeed be tragic if Poland's misfortune becomes the instrument of allied disunity.

Based on these principles, the President has fashioned a two-track strategy, imposing unilateral sanctions and seeking unified allied action. Both efforts are well underway.

President Reagan has declared that we seek an end to repression, a release of political prisoners, and the restoration of those rights as promised in the Helsinki Final Act that protect the independence of the union movement and the church in Poland. Only in this way can the basis be established for reconciliation through negotiations within Polish society.

The United States has made clear that it will not do business as usual with either Poland or the Soviets while repression continues in Poland. In December the President announced a series of economic sanctions against Poland and the Soviet Union. He warned that we would be prepared for further measures, if necessary.

The United States is not alone. Following President Reagan's December 29 address, the 10 member nations of the European Community met to consider the situation. Just 2 weeks ago an unprecedented special meeting of the North Atlantic Council condemned the Soviet Union's sustained campaign against the Polish people which violates numerous principles of the Final Act of Helsinki.

The allies agreed to a number of economic measures, such as holding future commercial credits for goods other than food in abeyance and suspending negotiations to reschedule the Polish debt. The allies pledged not to undercut each other's actions. Significantly, the allies have begun the task of identifying possibilities for future action across a broad front, including an examination of the course of future economic and commercial relations with the Soviet Union.

On February 3 the North Atlantic Council will gather again to consider further action. A session of the Conference on Security and Cooperation in Europe also will resume in Madrid on February 9, and Polish and Soviet actions will be condemned by many Western foreign ministers who will attend.

But the Allied pressure has not all been negative. The West has indicated its readiness to help revive Poland's shattered economy when the Polish people regain their rights.

Allied support is essential if we are to bring meaningful pressure to bear on the Soviets and their Polish dependents. I believe the unity the West has so far displayed comes as an unpleasant surprise to the Soviets. Continued unity and concrete pressure, coupled with our positive offer to help the Polish economy, offer the best prospect for affecting the future freedom of Poland. That is what this is all about.

Though Poland will continue to dominate the news, I would like to comment briefly on the Middle East. My two visits had as their central purpose the strengthening of the Camp David peace process. This peace process is the only practical way to make progress toward the achievement of a just and durable peace in the region.

Since assuming office, we have worked to support the Egyptian-Israeli Peace Treaty and to facilitate the talks on Palestinian autonomy. We have at long last resolved the remaining issues concerning the deployment and composition of the multinational force and observers in the Sinai.

We were also able to ease Israeli concerns over freedom of navigation in the Straits of Tiran by confirming the role of the MFO in that

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area—with Egyptian agreement. The force itself should be deployed by March 20, resulting in final Israeli withdrawal on April 25.

Another purpose of both visits was to urge both Egypt and Israel to intensify their efforts to reach agreement on autonomy. In 30 hours of intense discussion, I worked with the leaders of Egypt and Israel to make progress on a declaration of principles. This declaration would establish a framework for inviting the Palestinian Arabs to join with us in negotiating the detailed agreement to a self-governing authority—as specified in the Camp David accords.

After analyzing the issues and differences, my trip last week gave me the opportunity to suggest certain ideas on how gaps between Egypt and Israel might be bridged. These ideas now are being considered by the parties. Hard work and intellectual ingenuity will be required by both sides to bridge the great differences that now divide them. We have agreed together to strive for a declaration of principles as soon as possible, but without artificial deadlines.

Both President Mubarak and Prime Minister Begin have pledged to join with us in good faith to achieve success. To encourage momentum the President has approved my proposal to ask former Assistant Secretary for Congressional Relations Richard Fairbanks to work full time on this effort. His experiences on my second visit have already introduced him to the complexities of this vital negotiation.

These visits have also been useful in easing friction between Egypt and Israel. As the Sinai withdrawal date approached, both sides began to doubt each other's intentions. Israel has been reassured that both the United States and Egypt are firmy committed to Camp David beyond April and the withdrawal date. Egypt has been reassured that Israel will withdraw on schedule and that the United States will be a full partner in the autonomy negotiations.

My trips to Cairo also provided the opportunity for intensive and wideranging discussions with President Mubarak on matters of mutual concern. The President's dedication to the welfare of his people is matched by his dedication to peace. His meeting with President Reagan this week, starting today, will mark another significant step in the development of a close partnership between our countries.

Confidence in the United States, fundamental to our relations in the Middle East, is also at stake here in the Western Hemisphere. We face two distinct but related challenges: first, the economic and social upheavals that mark the development process in the region; second, the threat to democracy and individual rights from the forces of totalitarianism in Cuba and elsewhere, supported as they are by the Soviet Union.

The United States has begun to meet these challenges, working with the leaders of Mexico, Canada, and Venezuela. The President has proposed the Caribbean basin initiative to assist countries facing severe economic problems. The American part of the package includes trading opportunities, investment incentives, and increased financial assistance. The President will soon be bringing parts of this package before the Congress for support.

All of the countries in the Caribbean are confronted by a growing threat from Cuba and its new-found ally, Nicaragua. Cuba is systematically expanding its capacity to project military power beyond its own shores. The arrival this year of a second squadron of Mig 23

Floggers and the 63,000 tons of war supplies imported from the Soviet Union this past year, on top of what was already by far the largest air, land, and sea inventory of the region, is ominous.

Nicaragua is being exploited as a base for the export of subversion and arms intervention throughout Central America. Inside Nicaragua, Soviet, East European, and Cuban military advisers are building Central America's largest military establishment with Soviet-supplied arms. Outside Nicaragua, the clandestine infiltration of arms and munitions into El Salvador is again approaching the high levels recorded just before last year's final offensive.

The United States has tried to communicate with Cuba and Nicaragua. We have offered a way out of confrontation. We have sought explanations for the massive military buildups that consume the scarce resources of development. The answer has been greater internal repression, acceleration of arms buildups, and a strengthening of links to the Soviet Union.

The threat to democracy from opponents of peaceful change is particularly acute in El Salvador today. The Duarte government is committed to political reform, free elections, and economic development. Its opponents, supported by Nicaragua and Cuba, are determined to win by force what they could not achieve by the ballot.

The United States is not alone in its support of the Salvadoran Government. At the OAS meeting, which I attended in St. Lucie last December, 22 of 29 nations voted in favor of the El Salvadoran program for elections, and only 3 voted against.

A collective response to the danger is emerging within Central America with the formation on January 19 of the Central America democratic community. Costa Rica, Honduras, and El Salvador were joined on January 29 by Venezuela, Colombia, and the United States to help carry through the democratic transformation of El Salvador. Cooperating with our friends and allies in the region, we will do whatever is necessary to contain the threat.

Mr. Chairman, this brief overview of events in Europe, the Middle East, and the Caribbean should not distract us from other highly significant aspects of our policy. To cite just a few actions, we have helped to revive the negotiations on Namibia that had effectively collapsed prior to January of last year, and we actively engaged with our allies, the front-line states and South Africa in a realistic effort to obtain a settlement that could lead to independence in 1982.

We are supporting the restoration of peace in Chad under the OAU auspices, thereby displacing Libyan influence and military forces there. As part of our firm stand against Libyan support for international terrorism, we have increased support for Libya's threatened neighbors.

We continue to support efforts to achieve a negotiated settlement in the Western Sahara.

We have given our full support to Asean's efforts to reverse the Vietnamese occupation of Kampuchea, and we have sought to maintain military strength in the area to balance the ever-growing Soviet military presence in Northeast Asia and in Vietnam.

Finally, in a period of depressed economic activity worldwide we are working diligently to prevent the emergence of protectionism and to support reciprocal policies of free trade.

I have kept my introductory remarks intentionally brief, Mr. Chairman, so that you and your colleagues can use the bulk of our session to explore your own interests and questions.

The CHAIRMAN. Thank you very much, Mr. Secretary.

I congratulate you on your very forthright, fine, and comprehensive statement. I particularly commend you on the way in which the very difficult discussions were held with Foreign Minister Gromyko.

As I indicated earlier, the Secretary must leave for the White House at noon because of President Mubarak's visit. So we will limit our questioning to 10 minutes.

Mr. Secretary, in your opening comments you indicated that a decision had been made to suspend negotiations to reschedule Polish debt. I know we faced a very difficult decision last week, because of the inability of the Polish Government to repay debts to American banks, as to whether or not we should throw Poland into default. The National Security Council came out with a decision on that, which I know you support and the State Department supported. I supported that decision even though it was a very difficult one.

But there have been so many questions raised about the apparent inconsistency being pointed out between calling for sanctions on Poland and yet appearing to have the U.S. Government bail out Poland, not to have it go into default and repaying U.S. banks $71 million owed by Poland to U.S. banks, which might set a pattern for the $400 million owed the American banks, $53 million of which is due again this month, and amounts will become successively due.

Would you briefly analyze the rationale of the President, the National Security Council, and the State Department in making this decision?

Secretary HAIG. I would be happy to, Mr. Chairman.

First, with respect to the broad subject of calling Poland into default, let me assure members of the committee that all options remain open on that subject. Thus far, the restraint on such a drastic step has involved a number of detailed assessments which suggest that the cost to the West could indeed exceed those which would result to the East. This does not foreclose the possibility of such action in the period ahead.

Now, with respect to the recent spate of reports on the so-called CCC credit of $71 million, first let me assure you that the President of the United States, contrary to some reports, personally approved this action, was fully familiar with the analysis which unanimously recommended this support activity.

And I would suggest also that this was the hard position, the more rigid, firm position that the President opted in favor of, rather than one which would have obviated Polish and Soviet responsibility to repay their obligations to the West.

Today, the Soviet Union is experiencing a severe crunch on its cash posture. It is selling gold at an unprecedented rate already in the first month of this year. It is in our interest to insist, as we will continue to do, that the Soviet Union and Poland meet their international obligations and not to obviate the necessity to do so by preemptive default action.

That is the basic principle involved to all of those involved in the assessment, and I include the whole interdepartmental framework.

There was no leading department in that regard. This was an overwhelming conclusion. We think it meets the interests of this country, and we think it is a more vigorous position.

The CHAIRMAN. Thank you very much.

Yesterday, the Wall Street Journal, in its lead story, had a headline that was of tremendous interest to the chairman of the Agricultural Committee, and we also have a quorum of members on this committee who are members on the Agriculture Committee. It said, "Shock for Growers: Falling Grain Exports Bruise the Farm Belt, Damage Could Spread." The story came out of Havanna, Ill., the heartland of America.

There isn't any question but that this country's great strength abroad has been our expanding export sales of agricultural products. It has helped keep the dollar sound. It has paid for the oil that we have been buying. It has been the backbone of our exports and our keeping a trade balance, yet we have sagging sales, and we now have a Secretary of Agriculture devoted to free agriculture and free markets who is talking about restricting and cutting back production, which will limit our export potential.

I have two questions in this regard. First, could you comment on the uncertainty of an embargo, a unilateral embargo on grain? That uncertainty still is there, even though President Reagan clearly is on record at this point and has felt strongly about it. Would you clarify what the administration's position is as of today on the particular question of an embargo on agricultural products?

Second, can the State Department take as a high priority, and I know this would be deeply appreciated by Secretary of Agriculture John Block—I talked with him about it last night, and you and I have discussed it—could the State Department take as a very high priority for its Under Secretary of Economic Affairs, its Assistant Secretary, its commercial attachés, and its Ambassadors all over the world, to let the world know that with a fourth of the world hungry, there ought to be some way that we can move agricultural products. All the power of the State Department, Agriculture Department, Commerce Department, the White House, and the Senate of the United States and the House of Representatives should be put behind moving the products to bring in dollars that will help us with our financial problem, but also will not go back on a restrictive policy again that will start to control and regulate agriculture.

Would you comment on those two points Mr. Secretary?

Secretary HAIG. Yes, sir. Mr. Chairman, I think the President has made it very clear, and has reiterated repeatedly that it would not be his policy to institute a unilateral embargo of American grain shipment to the Soviet Union unless such action were to be a part of a total or broadly based array of sanctions.

Let me add to that, Bill Brock this morning in Geneva, in a speech that he gave to our European friends, suggested that at this time the United States is not contemplating a unilateral grain embargo. I think we all recognize clearly whether we are part of a broad American unilateral action which involved other commodities in other sectors, or whether it was an isolated embargo of the kind that was instituted in the past and has proven to be self-defeating, that it would be meaningless if other grain-producing nations were not to join in that kind of sanction.

We have seen where third countries are used to tranship and reduce prices to the Soviet Union, an embargo of that kind benefits the Soviet Union. It does not punish the Soviets.

With respect to the second part of your question, as you know, it was one of our first priorities and one of mine, and I sent messages to all of our Ambassadors abroad about the important role that they play as advocates of increased U.S. business activity, including the agricultural sector, in their host countries. It may indeed be that because of the depressed situation, further reminders are in order. I will consider that as a matter of priority when I return to the Department.

The CHAIRMAN. Thank you. Lastly, Mr. Secretary, there is a corollary to that question. I agree with you in your testimony when you say that national action becomes much more effective when it is in the context of allied unity. We have found that in the past, unilateral embargoes have been meaningless. Going down every major area of export trade that we do, I cannot find any area where, if we just unilaterally take action, we really substantially in any way affect the Soviet Union, but we can if we do it together.

As you well know, in my own State, we have Caterpillar and other large manufacturers, who are engaged in stiff competition with Japan, and if we cut those products off, we are simply exporting thousands of jobs in a depressed economy to Japan.

Is there any clarification that you can give us as to what the position of the administration will be with respect to taking unilateral action when it has definitely been determined that it is not unique technology and that we are not depriving the Soviet Union of anything, but we would simply be exporting all of those jobs to some country abroad that would readily fill them?

Until we have such an agreement uniformly, is unilateral action really effective or does it really help the Soviet Union to divide the allied world?

Secretary HAIG. Mr. Chairman, this is a constant anguishing process of tradeoffs. On the one hand is clearly the logic that we must act in unified fashion so that there are no loopholes to be exploited in either creating differences between ourselves and our allies which would deprive the action of any meaningful effect on the Soviet Union, against the other very important aspect of America's role in the world, and that is that we must continue to lead, and we have an obligation to demonstrate forcefully at a time like this that we do represent the values which we espouse, and that we are prepared to take action to underline our fervent feeling for those values.

In that process, the debate recently has raged in America, where there are those who have been critical that we have not moved unilaterally as vigorously as we might. There are others, and I include myself in that group, who recognize that the situation in Poland will go on for a prolonged period. We recognize that the historic interdependence which will characterize the decade facing America does not provide the luxury for the United States to proceed unilaterally in such a way that we transform a fundamental failure of the Eastern system and the Soviet Union into a Western failure and bring down the temple of Western unity and commonality of purpose.

I have just finished a prolonged discussion with my Soviet counterpart. As I implied in my opening statement, if there is any single factor about the Polish question which seems to befuddle them, exclusive of the internal situation, which is also a matter of great concern to them, it is the maintenance of Western unity, and how for the first time in similar historic situations we in the West have rallied together to condemn the action, to attribute responsibility for that action directly where it belongs, to the leadership in the Kremlin, and to move perhaps sometimes hesitatingly and worrisomely to those here at home who are outraged, and justifiably so, by what is occurring, but nevertheless, to be in a steadily improving unified posture against what is going on in Poland.

The interests of the American people, not the Europeans, but the American people is best served by such an approach.

The CHAIRMAN. Thank you, Mr. Secretary.

Senator PELL. Thank you, Mr. Chairman.

Mr. Secretary, we welcome you here. You have had a hard trip. You were hard pressed by adversaries and so-called partners abroad, buffeted by political forces at home, a few on the right as well as on the left. I join in welcoming you back.

There are three points that I would like to cover in the time allotted to me. One is a very specific point. In your human rights discussions, was the question of Raoul Wallenberg raised?

Secretary HAIG. No; Mr. Wallenberg's case was not raised, but he clearly would have been encompassed in a collective statement on these various issues. A number of other very specific cases were raised, however.

Senator PELL. I am particularly interested in that, because it is my bill, sponsored with Congressman Lantos in the House, that gave him honorary American citizenship.

My second question concerns the doctrine of linkage. I find myself very confused as to why the administration believes that we are conferring a favor on the Soviets by being willing to talk with them on trying to reduce arms in the world. We are all fellow passengers on this planet Earth, and we all have an interest in reducing these arms, no matter how the Soviets misbehave, in Poland or anywhere else in the world. Soviet misbehavior is unimportant compared with the major problem of trying to get the nuclear genie back into the bottle.

I think that the truth of that thought, the obvious necessity to negotiate reductions in nuclear arms, would be evident to the administration, yet negotiations are being used as a weapon. If the Soviets misbehave, we threaten to stop talking about the reduction of nuclear weapons on a strategic level, which is biting off our noses to spite our faces.

Would you give me your rationale on the opposite side?

Secretary HAIG. Senator, first, let me discuss the topic of linkage. I think the President has said, and I have said repeatedly that linkage is not an option that you can either pursue or discard. It is a fact of international life. It is a reality that events occurring in one area of the world of vital concern to he superpowers will have an influence inevitably on other functional areas of superpower communication and mutual concern. It is a fact. The debate associated with it is somewhat sterile, to put it in any other connotation.

Now, your concern involves the application of linkage, as I gather from your question.

Senator PELL. What I am saying is, arms control should be a separate track, over and above everything, moving along no matter how much they misbehave or we misbehave or anybody else does, because it is so overwhelmingly important.

Secretary HAIG. With respect to that question, as you know, the President has personally directed that our discussions in Geneva, despite some criticism about this, continue. He has done this because he feels not that there is no linkage or that there is a functional separate track on the question of arms control that is not linked from the realities of the international climate, but rather that it is in our interest to conduct these talks without delay in Geneva.

The reasons for that are many. First, we had agreed to do so with our European partners. Second, it is the Soviet Union that is deploying SS–20 missiles and threatening Europe while the West has yet to deploy any countering system, so it is in our advantage strategically. Third, because of the political and psychological connotations of these talks, had we failed to continue on with them, we could very easily have transformed 60,000 to 70,000 demonstrators in the streets of Europe and Western Europe today against Polish repression into 300,000 demonstrators against the nuclear threat to Western Europe. That would not have served America's vital interests.

Now, with respect to START, as I told Foreign Minister Gromyko, we are proceeding with all due haste to continue with the studies associated with the formulation of an initial American position for early introduction and START talks, and we will be prepared when conditions are right to enter into these talks.

Now, that is a very broad signal that there is, indeed, an interrelationship between our hopes for successful START discussions where substantial reductions in strategic armaments can be achieved and a continuing repression in Poland and the uncertainties associated with that repression.

If I were to make a prediction today, it would be that in the weeks and months ahead, if there is no reversal of the repressive policies of the Polish Government, supported and abetted by the Soviet Union, the situation will continue to become increasingly serious, and the likelihood of violence will grow by the hour. Now, that cannot be disassociated from such a vital and fundamental question as the conduct of strategic arms negotiations.

Senator PELL. I guess this is where we have to agree to disagree. To my mind, no matter if violence is used, and we hope to God that it is not used, no matter if we are literally at war with each other with conventional means, it would seem to me that somehow or other we would have to move in the direction of getting nuclear weapons back into the bottle.

Prior to Soviet misbehavior in Poland, it was agreed that a date for START would be set during your meeting with Gromyko. As you well know, while you discussed this in generalities, no date was set, so in this one I would hope that our own self-interest as a civilization would be such that we would move on a separate track.

Now, to get my third point, you touched upon Cuba. There is internal repression there, and as far as communication goes, I have long believed that we should have better diplomatic relations with our adversaries than sometimes with our Allies, because it is more important to be able to communicate back and forth. That is why I always opposed the downgrading of our Embassy in Franco's Spain. I always felt we needed an Ambassador to communicate with them. I always felt we made a mistake not having better diplomatic relations with Cuba. But in that regard, would you tell me what the sources are for your statement that there is increased repression in Cuba now? Lord knows, there has been a lot of repression there in the past, because that is a totalitarian regime, but in your statement you say there is increased repression.

Secretary HAIG. The totalitarian system which prevails in Cuba today hardly leaves any question that it is a repressive society.

Senator PELL. No question about it.

Secretary HAIG. We have just seen greater numbers called up into government service, over 40,000 deployed overseas, to conduct and do the work of the Soviet Union and Mr. Castro in such far-off places as Africa and other threatened and unstable areas around the world. We have seen the large increase in the number of young men who are going to have to be pressed into service.

Senator PELL. But, Mr. Secretary, for example, if we pass a draft, that does not mean we are going in for repression in the United States. My point here is, is there greater internal repression? I have been through a prison camp in Cuba, a hideous experience. Are more of these prison camps existing? Are more people being arrested, beaten up, and abused now than they were? My understanding is, it has remained fairly level as far as repression goes.

Secretary HAIG. Well, I think the connotation and the statement that you are referring to, and I hope you will read it for everyone, if you would care to, so they get it in its full connotation——

Senator PELL. I don't want to quibble, but you are talking here more about Cuban adventurism abroad than you are about repression at home.

Secretary HAIG. Why, of course, and we are talking about repressive activities aided and abetted by the Soviet Union, which we are witnessing today in Nicaragua, where there are literally thousands, as many as 4,000 to 6,000 Cubans involved in the so-called revolution in Nicaragua, and as many as 1,500 of whom are military advisers. At current levels of Nicaraguan forces, that would put 1 Cuban adviser there for every 20 Nicaraguan soldiers.

There is a pervasive Cuban presence in the area, in addition to the heavy Soviet and East European presence in Nicaragua. But most importantly is the manifestation of the policies of the Sandinista government, repression of the free press, incarceration of citizens without due process, the suppression, intermittent as it has been, of free radio, the establishment of force structures which far exceed any regional external threat that Nicaragua is faced with, the importation of unprecedented levels of armaments of a character and sophistication which could not be justified by existing threats along the border, all aided, abetted, and directed by Castro's Cuba.

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Senator PELL. My time has expired, but the point I am making is, while that is all correct, it does not involve internal repression at home in Cuba, which is what your statement says.

Secretary HAIG. No.

Senator PELL. Really, on page 14.

Secretary HAIG. Well, if we are playing semantics, Senator, I might concede that you might read it in that way, but that was not the intent of the statement, if that helps you.

Senator PELL. Thank you.

The CHAIRMAN. Mr. Secretary, in accordance with our earlier understanding, we now have nine members present constituting a quorum. We will momentarily recess the hearing and go immediately into a business session.

[Whereupon, at 10:42 a.m., the committee recessed, to reconvene immediately in a business meeting.]

[Whereupon, at 10:47 a.m., the committee resumed the hearing.]

The CHAIRMAN. I thank you for your indulgence, Mr. Secretary. Senator Helms.

Senator HELMS. Thank you, Mr. Chairman.

Mr. Secretary, it is good to see you. What time was it in Cairo when you called?

Secretary HAIG. I think our time was about 9 or 10 o'clock at night.

Senator HELMS. I will tell you some time why I asked you that question.

I would have been equally as delighted to have seen you last November 19 as I am today. Mr. Chairman, that was the occasion when we requested either that the Secretary or his designee come up here and talk about the Taiwan Relations Act, and nobody showed. I don't want to get too deeply into that, except to point out that I have seen several news stories in the last 2 days, the latest being on page 11 of the Washington Post, down at the bottom of the page. It says, "China Ignores Reagan, Signs Polish Trade Pact."

Mr. Secretary, did you get snookered by Red China?

Secretary HAIG. Oh, I don't think anybody has been snookered by Red China.

Senator HELMS. Well, we will see. We will see.

Let's move down to Central America. I appreciated your note about the trip to Honduras I made on behalf of President Reagan. I was very much impressed with the new President there. I think clearly he wants to be our friend, which is an unusual situation for a lot of people in that area of the world. I like everything you say about Cuba, and I like everything you say about the Soviet Union. But Mr. Secretary, I am getting more and more comments from around the country that it is fine to talk about the dangerous situation in Central America, but what are we doing about it?

Now, I am having some difficulty. I have requested and requested and requested a copy of the so-called Kennedy-Khrushchev agreement with respect to Cuba, and you know, I can't get it. What is the problem?

Secretary HAIG. I didn't know that you had requested it and that you were frustrated in the efforts, Senator.

Senator HELMS. Well, now you do.

Secretary HAIG. I think you know there is no agreement as such which could be delivered in a little package to you. There were a series of exchanges at the time, some of which have been made public and some of which I suspect will never be known.

Senator HELMS. Well, I managed to get a summary from another source the other day.

Secretary HAIG. I would be very happy to summarize that for you at any time, together with my suspicions about those aspects of the Cuban missile crisis that have never been confirmed.

Senator HELMS. Well, the point is I don't think the American people understand the extent to which the agreements, and that is plural, have been violated over and over again by the Soviet Union, most recently with the arrival of new Mig 23 aircraft down there. Why, they are uncrating those things right now. They are more sophisticated than any aircraft ever used by any other Latin American country, is that right?

Secretary HAIG. For the moment.

Senator HELMS. We just talked about the Kennedy-Khrushchev agreements. I understand there are seven or more file drawers full of memoranda and that sort of thing. I am not sure that we want just a summary.

Now, on the grain embargo that you mentioned a while ago, there is no way that the President can selectively embargo grain again under the law unless he just wants to empty the Federal Treasury to grain growers.

Secretary HAIG. I think the cost would be about $30 billion, by my estimate.

Senator HELMS. I think it would be at least that, but at least the farm bill, which Senators Lugar, Boschwitz, and Zorinsky worked on, took care of that. This means if there is going to be an embargo, it is going to be on the sophisticated technology as well, all across the board. Is that correct, Mr. Secretary?

Secretary HAIG. Absolutely, across the board. Unless you did it across the board—you know, we are talking two levels of unilateralism. We are talking about the United States taking action on its own without cooperation with our allies or consultation. and then we are talking about the more selective unilateral application of a grain embargo alone.

Now, on that question the legislation which has been put together would pose the President with a dilemma if he cared to once again reinstitute a selective grain embargo against the Soviet Union unilaterally; that he would have to go to parity for the American farmers at a cost estimated to be about $30 billion for this year alone.

Senator HELMS. I don't think the Federal budget, even if it were balanced beforehand, could stand that kind of cost.

My final question is this: How pleased are you with NATO's cooperation now, on a scale of 1 to 10?

Secretary HAIG. Well, let's go back in history, Senator, and look at both American actions and NATO actions in similar situations, Hungary, Czechoslovakia, and East Germany. On those occasions I think the NATO position was that these are internal matters.

On this occasion the Alliance has joined us in a clear condemnation of the action and a clear delineation of the responsibility for that

action in a clear statement of principles that one nation will not undercut the sanctions imposed by the others, a clear commitment of a NATO communique earlier in January to take political and economic actions across a broad front against Poland and the Soviet Union. Some of the nations already have taken such steps.

Let me tell you, Senator, from a European point of view some of the actions that we have taken suggest that we are putting unfair economic burdens on them, burdens that we are not experiencing as a result of these actions, and that is a case that is justified by statistics.

Now, I think our problem here is not to constantly suggest that our European partners are unwilling or failing to support the President's leadership in the action he has taken against Poland and the Soviet Union, but to recognize unprecedented and historic cooperation and support from our European partners.

As I mentioned earlier, I don't think anyone differs about the unacceptability of the situation in Poland and the Soviet responsibility for that situation. Where honest men do differ is in what is going to be the most effective means to bring pressure on the Soviet Union to join with the Polish Government and moderate their current action. That is where honest people have differed.

It is my judgment that thus far the President has been right on and his policies have been properly gaged, first to establish a leading position in the West to take action, and second to work with our European partners to join us in that action.

Now, none of us is happy moment to moment about the response of one nation or the other of 15 sovereign nations. We don't operate in lock step. We never sought to. The Warsaw Pact does because they take orders from Moscow. But the very strength of this Western alliance, which has supported American security since the end of the Second World War is the diversity and the sovereign character of its member states. I wouldn't want it any other way even if we could theoretically have it, which we cannot.

So what I am suggesting to you is, in our impatience, always sit back and analyze. It is much like the CCC credits we were talking about a little earlier. On the surface it looks like you are tough and you are really going to do something. You are not doing a thing, and the fact is that what the President did was tougher than what his opponents are suggesting would have been the benefits of calling Poland into default on this issue.

If we were to pursue the advice of some of the critics, from the right and the left, in the United States today, and if that had the practical consequence of bringing the temple of Western unity down on our heads, we would have done the work of the Soviet Union, not the American people.

Senator HELMS. Amen, brother.

Secretary HAIG. Thank you. [General laughter.]

Senator HELMS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Helms.

Senator Tsongas, would you like to give the benediction? [General laughter.]

Senator TSONGAS. Mr. Secretary, I feel somewhat badly that I cannot inquire of you when your call to me from Cairo took place.

I haven't got a note from you that I can recall, either. Let me say that I think the U.S. foreign policy has been more pragmatic than I would have expected. On a range of issues, Poland is one. The European initiative in November on arms control talks is No. 2. The FX issue in Taiwan is No. 3, and Namibia is No. 4.

My sense of that pragmatism was reinforced when I read that Mr. Safire referred to you as a "detentnik." I thought that was intriguing.

Secretary HAIG. Mr. Safire has referred to me as a lot of things over a long time, but I have a few for him some day. [General laughter.]

Senator TSONGAS. Needless to say, I have never been complimented by him either, so we are in some company.

Rather than dwell on the things with which we agree, let me simply raise one issue and then I will defer to Senator Cranston, who was here before I came.

If you look at what the United States is doing in Namibia, you find that there is progress and there is nothing but accolades for what you have done. Well, I don't think Namibia has been in the paper, that I can recall, for a long time. In fact, to find out what is going on you have to make some telephone calls because you can't read about it in the press.

Even in black Africa there is serious strong support for what is going on. There is some hesitation, but for the most part there is remarkable support. I think the reason that is happening is because of the whole process of trying to put together a coalition and negotiations. It is working and is working rather well.

If you contrast that with El Salvador, where a very different approach is being employed, I wonder whether you could, given the recent letter, which I assume is the case, although you would know better, from those five guerrilla commanders to President Reagan suggesting their willingness to negotiate, say why would not the formula being used in Namibia with such great success not be used in El Salvador where at least to an outside observer the indications are that what we are looking at there is a quagmire that can only get worse.

Can you contrast Namibia and El Salvador and why we are taking a different approach in one than the other?

Secretary HAIG. First, there is a difference in the forces that are at work in the two places; but in terms of what we are attempting to do, that is, the creation of coalitions, there is no difference and we are pursuing a similar policy in Central America.

Turning to Namibia, what we have been doing is working with the front line states, to a degree with the internal parties in Namibia, including SWAPO, with the South African Government, and with ancillary discussions with other regional black African states who have a stake in the outcome.

Now, if you look at our efforts in Central America I think you will find a similar pattern emerging, and I made reference in my statement to the democratic nations that have now suddenly moved together, together with the United States, we having recently joined this effort on the 29th of this month. What we are really talking about is precisely what you suggest has had some success in southern Africa, and that is not to try or attempt to make the United States a unilateral policeman for the region or to send a message in which it appears to

the nations of the region who are really and grievously threatened by what is coming out of Nicaragua and Cuba and the Soviet Union today that their security is of more importance to us than it is to them. We learned in Vietnam that it was a self-defeating approach to the problem.

We have been attempting to work in a very collective way, and, I may add, with increasing success, although in the security area because of the step-up of external support for the insurgency in El Salvador, somewhat important new steps will have to be taken.

We are trying to work with those who share our values toward a common and negotiated settlement in the longrun. That has got to begin in a process in El Salvador which permits the people of El Salvador the right of self-determination. It is unfortunate that the guerrillas are opposed to that right. They want to sit down at the table and carve up, under the formula negotiation, a distribution of power which they are going to ultimately seize by their own philosophic outlook.

Senator TSONGAS. What is the difference between that and SWAPO?

Secretary HAIG. Well, SWAPO under U.N. Resolution 435 will have an opportunity to base its claim on authority as a result of the ballot, self-determination and the franchise by the populations of Namibia. That is precisely the issue in El Salvador today. That is why the Salvadoran bishops unanimously, who are frequently portrayed in certain distorted press circles as being opposed to the election, have recently this month endorsed that election wholeheartedly and fully.

Senator TSONGAS. I think that is correct; but that letter from the guerrillas is in addition to Mr. Ungo's long-stated willingness to negotiate. What does the administration intend to do with the letter and what communication have you had with Ungo?

Secretary HAIG. We are very aware of Mr. Ungo's views of these things. He represents somewhat of a departure from the mainstream of the true guerrilla directorate, which gets its sustenance in Nicaragua and Havana. We would very much welcome Mr. Ungo's joining with the current junta government to participate in whatever set of conditions he felt would be reassuring to him in the electoral process. I think President Duarte already has made that offer to Mr. Ungo. It is a very difficult step for him to take. He may have his throat cut the next morning, and no one here, not the least of all me, will label Mr. Ungo as a Marxist-Leninist tool.

Senator TSONGAS. Is that an invitation to him from the administration to participate?

Secretary HAIG. We were in consultation with Duarte on this subject and I think Duarte has made some statements that are very forthcoming in that area, but it is a difficult step and I don't pretend that it is just a simple matter of will for Mr. Ungo.

Senator DODD. Paul, would you yield?

Senator TSONGAS. Yes.

Senator DODD. I am just curious who you thought might slit his throat.

Senator HELMS. His temporary allies.

Senator DODD. Thank you.

Senator TSONGAS. That is true in this business politically, too. There is some commonality there.

What about the letter from the guerrilla commanders? There was such a letter, I take it. What is your response to it, if any?

Secretary HAIG. Well, without giving you the consequence of more careful assessments that are under way, I think our initial reaction was that this was a propaganda ploy and that it was put forward at a time the election period was approaching, just as stepped up violence is occurring, just as a worldwide press campaign is beginning to surface which suggests the worst of everything. We have been through that before. We know the potential for that kind of effort here in our own country and worldwide. That is not to whitewash unsatisfactory or unacceptable excesses from either the right or the left, but I think the tempo has clearly stepped up as an election period is approaching.

It has been our view, and it is not with a sense that there is no other solution, that the best solution for Salvador is to start this process by self-determination and an expression of the will of the people.

Senator TSONGAS. So I take it you do not intend to respond to the letter.

Secretary HAIG. I think the letter is dripping with propaganda connotations and a suggestion that we sit down and divide the spoils of conflict without taking into proper consideration, first, the views of the people of El Salvador, who must, after all, be the central focus of our concern, and second, perhaps the past history of Marxist-Leninist negotiating tactics and objectives.

Senator TSONGAS. Thank you.

The CHAIRMAN. Thank you very much indeed, Senator Tsongas.

Senator Lugar.

Senator LUGAR. Thank you, Mr. Chairman.

Mr. Secretary, although I agree that the analysis the administration underwent in deciding not to declare a default was the correct one, let me mention that it was almost a year ago, as I recall, that I was startled to learn the full extent of CCC credits to Poland in support of the Solidarity movement. That came as news to some of us at the time, although we were generally in support of that humanitarian way of trying to back Solidarity. A policy decision had been made implicitly through the CCC credits, and as those credits continued to flow, there were guaranteed loan obligations that were substantial.

I mention that because in addition to the $71 million mentioned in the press reports now, there is also mentioned about $396 million in 1982 that could fall into the same category, and $1.6 billion ultimately in CCC credits. That is a lot of money.

The problem, it seems to me, is not so much the technical question of default, but that the U.S. Government has committed $1.6 billion to Poland without ever having an open debate as to whether we ought to spend $1.6 billion on Poland or, for that matter, any other sum. It was convenient at the time to handle it through CCC credits. This was unprecedented, because the program has never been stretched to that extent before and defaults have never been even $10 million.

The point that I am making is that there are tremendous policy questions involved with regard to all the repayments to American banks and to the CCC program in terms of administration policy. The question is what kind of a policy we are going to have in the future?

In the hearings that we had in the European Affairs Subcommittee the other day and of which I have written you a short summary, the question that came to the fore was not the technical question of default; the question that we raised was what if in the next few weeks for some reason martial law is lifted, the general decides he wants to talk to Solidarity, the Catholic Church, and prisoners are released everywhere. What if he says: Send us money, we would like money right away because our economy isn't going to work without it?

What sort of conditionality will there be for this move? The $1.6 billion is water over the dam, but the $1.6 billion to come is not. Almost in the same way that little by little we got into the CCC situation, decisions might be made for the very best of humanitarian reasons without forethought. Can we wean the Poles away from the Soviets or institute a new era without having in mind what Poles themselves have suggested are the critical points for the flow of efficient resources in their economy? How will we overcome the fact that the Communist regime is so stultifying there is no way they could make a dollar, no way they could ever even balance their books without gross subsidy by somebody?

That is one set of questions. I am hopeful that there is a very good quid pro quo the next time around before the first dollar gets out of the bag.

Now, the second thought I wanted to make before my time runs out concerns a grain embargo. To this you can always respond that there can be no embargo without it being an across-the-board embargo and furthermore, that it would not be very effective unless it were multilateral and other people joined in. I think we are all in agreement on that.

The facts of the matter are, however, that if there were a unilateral embargo by the United States, the agricultural component of it would be roughly 75 to 85 percent. In other words, it is an interesting debating ploy always to mention that everybody is going to suffer, but in fact if we have any embargo it is an agricultural embargo, embellished by a few bits and pieces of technological know-how around the edges.

The problem is further compounded even by suggestions that this is still a viable option—and of course it is suggested all the time. You are challenged by so-called hard liners who say if we really cared, we would just embargo everything. Now, we have already been down that road. It was an absolutely absurd decision by President Carter. It would be equally absurd by President Reagan.

Yet the facts are that the market with regard to the farm economy reflects the fact that the embargo has almost happened for all practical purposes. What Senator Percy read earlier may be of little consequence to establishment foreign policy people, but small town America presently is almost done in, apart from what is happening to the Poles. Now, when we are talking about equality of sacrifice,

I would just simply say I have visited with constituents who have already sacrificed to the hilt, and we haven't even had the embargo.

When the price of corn doesn't even get up to the loan rate and is selling below that, and when of all the ironies of history, the Secretary of Agriculture goes out and suggests we will cut back plantings of wheat and corn by 10 to 15 percent in a world in which people are hungry, this is an extraordinary predicament. And I would say that it is largely a consequence of the fact that we really have not been clear about a grain embargo. I think we have tried to have the best of both worlds. We haven't declared the embargo, but on the other hand, we have fuzzed the thing up to the point where as a matter of fact the devastation to our own economy has occurred, quite apart from whatever is happening to the Soviets or the Poles.

I think this needs to be sorted out in our own policy, because we are still one country and we can't keep killing ourselves even while we are debating the Polish issue. What I have suggested as a constructive thought is simply that the embargo and the trade sanctions as I think Chancellor Schmidt said correctly, are not effective. What we have done already was effective in getting people's attention. We showed that we were serious. But as a matter of fact the Eastern bloc can only operate on somebody else's money, and ultimately that is the leverage. It may take a few months for the leverage to be felt, but there it is and there we can stay together.

I hope we can begin to sort out the credit leverage from all of the threats and promises of embargoes and trade sanctions, from all of the pressures on this ally and that one. All that is not going to make any difference, and we will kill ourselves in the process.

I appreciate this chance to share these views with you. Do you have any response to any of this?

Secretary HAIG. Very briefly, on your first issue, right on. I think you are exactly right. However, I wouldn't describe it so much as a disorganized approach as an ad hoc response. Prior to the clampdown in Poland, through a number of unforeseen economic disasters in which it was in the interest of the United States to help a regime which was encouraging and at least tolerating reform—and there were some distortions, certainly, of the CCC concept in that process.

It might be reassuring to you to know that I recognized this late last summer and raised it immediately with our allies in Europe, because it is not even the United States that was involved in such an ad hoc approach to intermittent bailouts, but we had started a process where we would all sit down and collectively analyze the needs for the coming years and systematically meet those needs in an intelligent way.

Unfortunately, the clampdown has intervened. But I think you are exactly right, we have to avoid distortions of programs that are set up for other purposes.

With respect to the embargo, I suppose I agree with most of what you said, Senator, and I am grateful that you have used this forum to bring your concerns before us. I do also think it is important to recognize that there are other aspects to the problem, and where certain ambiguities are not totally without purpose.

No one views the plight of the American farmer today with any sense of personal comfort. I do not believe, however, that the declining

price levels that you are talking about are exclusively attributable to the threats of a grain embargo. There are other forces on the market which are equally worrisome, not to exclude certain European agricultural policies that we have been trying to work on and a number of other related market facts.

So I take your advice seriously and in the spirit in which it was rendered.

Senator LUGAR. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much indeed.

Senator Cranston?

Senator CRANSTON. Thank you very much. I welcome this opportunity to hear your views and to talk with you, Mr. Secretary. I would like to ask you this: Do you believe that spending $10 billion or so dollars over the next 5 years on civilian defense for evacuation and bomb shelters and so forth could so reduce our vulnerability to an all-out nuclear exchange with the Soviet Union, if, God forbid, that should come, that we could fully recover within 2 to 4 years?

Secretary HAIG. Do I believe that?

Senator CRANSTON. Do you believe that a civilian defense program could put us into a position to fully recover from an all-out nuclear exchange within 2 to 4 years?

Secretary HAIG. Well, I suppose the purpose of your question is that somebody has told you that could be and we would do that.

Senator CRANSTON. That is correct.

Secretary HAIG. Well, since I was not the fellow who told you that, let me answer your question by some obfuscation. [Laughter.]

I think the United States made a mistake in the midsixties, when I worked in the Pentagon and was very familiar with the decisions made at the time, to terminate by and large our civil defense efforts, not totally but by and large. And even more, an equally debilitating decision—and I am speaking bipartisanly now, because one was with one party and one was with the other—a similar death knell to what I call civil defense took place in the early seventies, and I was closely associated with that decision.

I think it was a mistake, and especially we saw in the early seventies that the Soviets began to apply greater priority to civil defense, a dramatic increase to their own attention, priorities and resources allocated to it. So I think we have been playing catch-up ball.

I would rather answer your question by saying I support a systematic and sensible increase in American attention, because if one life, God forbid, if one life were saved by such action it would be worth it. And clearly we are not in good shape in this area, especially as we compare what we have done with that with what the Soviet Union has done, and especially as we look, as I know you, Senator, look and as our President looks to incentives for a kind of control of armaments, especially in the nuclear area that we hope will pay off.

Senator CRANSTON. Well, plainly within reason, efforts to reduce the loss of American life in the event of a catastrophe of nuclear war are something that we should consider. There was a CIA report in 1978 that Soviet civilian defense efforts are really of negligible help in terms of increasing their invulnerability to a nuclear attack and that most of

their expenditures turned out to go for administrative matters rather than for actual protection.

The source of the information that led me to ask you that question was one T. K. Jones, who is Deputy Under Secretary of Defense for Strategic Nuclear Forces, and he stated recently that expenditures in the area of $10 billion a year on civilian defense could place us in a position where we could recover fully within 2 to 4 years from an all-out nuclear war with the Soviet Union.

I find that a rather unbelievable statement. It came up in connection with hearings that Senator Larry Pressler conducted in California which I attended, where that statement was attributed to Jones. We are planning hearings to explore the basis of his making that statement.

Taken in conjunction with suggestions that emanate from some sources that nuclear war is survivable and is winnable, I think we have to look into what that is really all about and what basis there is for any such statements.

Going on from that, re the unratified SALT II Treaty, do you believe that the plan to harden Minuteman silos to accommodate MX missiles is consistent with the terms of the unratified SALT II Treaty?

Secretary HAIG. I think it is too early to say. I do not think I would want to make a judgment on that as of this juncture.

Senator CRANSTON. On the subject of our carrying on the INF negotiations in regard to European intermediate range missiles in the absence of any progress on SALT, do you believe that those European negotiations can really succeed if there is no progress on what you now call START?

Secretary HAIG. Well, again, Senator, I think it may be too early to say. In answer to that question, clearly they are interrelated and that is why we have agreed with our European allies to describe the INF talks as being within the broad framework of strategic arms talks, and they are being conducted with that in mind.

We put forward an initial proposal which we think is justified in its own right, to deal first with the land-based threat to Europe, which is the cause of the unsettlement and concern in western popular as well as strategic circles. And we have put forth a proposal that would eliminate that. It is a genuinely and seriously held proposal which we think would be a dramatic improvement in an area of growing tension.

Now, at some point in the process as the discussions broaden, providing we can succeed on the land-based missile question, it is clear that the interrelationship will become more significant and not less. But there are a number of uncertainties facing us today and I hope that those uncertainties will have been clarified and that the answer to the thrust of your question, which is not without good substance, will become clear.

Senator CRANSTON. The late 1983 target date for NATO TNF deployments really does create some sense of urgency for making sure that we have a framework for those negotiations which can lead to a successful end, obviously.

Re El Salvador, do you believe that the President will be able to continue certifying that the Duarte regime is making progress on human rights if brutal massacres of innocent civilians, what the New York Times last Sunday called "butchery" by Government troops,

is not stopped? What do you feel should be the situation in regard to that specific instance and to the record of the Duarte regime presently on human rights progress?

Secretary HAIG. First, Senator, I think it would be important to state on this occasion what our objectives are, our goals in El Salvador with respect to these broad issues that you have raised. First, we are continuing to promulgate support and urge progress in land reform and associated reform. We recently have had a very strong supportive statement from the ECS in Salvador—that is the peasant union—that they feel it is the best solution and that we must continue with it.

Second, is human rights improvements. We continue to urge and support all programs to do that, and I will talk about that in a moment.

Third, is control of the Armed Forces to increasingly improve the performance, the sense of responsibility and the professionalism. We have been engaged in a rather substantial program, at some cost, first in-country training and now training in our own facilities here in the United States. The first battalion that we trained under this program has had an impeccable record and has been the subject of very laudatory comments from all who witnessed it in operation.

Fourth, we of course are seeking an electoral outcome and an election itself.

Fifth, we are seeking to have justice in a number of outstanding and highly profiled cases here in the United States, such as the case of the nuns and the agrarian labor murders. I am very happy to report that we expect an indictment in the nun case in the immediate future, perhaps as early as this week. There is a lot of skepticism about that, as you know.

Also on noncombatant deaths, we have been maintaining a very close count. Those deaths have declined roughly 50 percent since the high point in the second half of 1980 and the first half of 1981. They have been on a steady decline by our count.

I would draw your attention to a new Freedom House report which has just come out, which challenges some of the more extreme reports that have also just come out. I have suggested to Senator Tsongas, having lived through the Vietnam period, with the knowledge that I have of leftist manipulation worldwide of a number of opinionmaking bodies, that this is not unrelated to the upcoming election and the need to shake confidence in the people of the United States and the West that we are on the right track in seeking to give the people of Salvador self-expression at the ballot box.

So my answer to your question is that the trends have been better, not worse. It is still a mixed bag and none of us is anything but outraged and appalled when an atrocity occurs, whether it has occurred as a result of rightwing extremism or leftist extremism.

One of the great problems has been that we tend to look only at the abuses of the right because those abuses are more transparent in a regime that is open. It is unfortunate that we have not gotten similar reporting about the atrocities that are occurring daily and hourly against the people of El Salvador by the terrorists supported and abetted by the Soviet Union, Cuba, and Nicaragua.

That is a great tragedy. It has in the past distorted American thinking in a way that has not met the vital interests of the American

people. I hope on this occasion to avoid like the plague a replay of some of our past shortcomings.

Senator CRANSTON. Thank you.

Mr. Chairman, I would like to ask that in connection with the hardening of the Minuteman silos——

The CHAIRMAN. Senator Cranston, I would ask that in the usual sense of fairness, we are going to run out of time and Senators will not have an opportunity, and I will ask Senators to please observe the closing time on this. Otherwise we will simply not get around on the first round even before the Secretary has to leave for the Mubarek sessions.

We may have to work out with you, Mr. Secretary, a return time to the committee some time in the near future.

I am very sorry, Senator Cranston, but the time is up.

Senator CRANSTON. That is quite all right. I just wanted to get some information for the record.

The CHAIRMAN. Senator Mathias.

Senator MATHIAS. Thank you, Mr. Chairman.

Continuing on the theme that the Secretary has just raised of the outlook and perceptions of the people in Central America and the Western Hemisphere, I recall back in World War II we had something in the Navy that we called the "missed a turn club." Ships that were steaming in formation in the South Pacific would be going along and on a zig-zag pattern, and all of a sudden we would notice that one ship had just gone off on its own and the rest of the fleet was steaming over the horizon.

And the officer of the deck who was responsible for the missed turn always had a very humiliating experience. But most of us joined the club in the course of a long war.

Now, keeping all the ships lined up is difficult, and keeping all the departments of the U.S. Government lined up is difficult. But I am wondering if we are not having a modern example of the "missed a turn club" in what is happening now in assistance for the Western Hemisphere and particularly the Caribbean basin.

The administration clearly attaches a great deal of importance to countering Soviet influence in the Caribbean basin and, in view of this, I am very much puzzled by the Treasury's proposal that the Inter-American Bank budget be slashed. My question is this: Is this not inconsistent? Is thi not the ship that is going off and missed a turn?

At a time of limited aid funds it would seem to me to make more sense to maintain support for the concessionary programs in which other countries contribute $2 for every $1 that we put up, and at a time when the other dollar that the other countries will not contribute may well trickle into the Sandinistas or to other groups that we are clearly not desiring to help.

Have we missed a turn?

Secretary HAIG. Well, as a charter member of the "missed a turn club," I would suggest that we have been faced with some very difficult problems in the area of the multilateral institutions. On the one hand, there was great concern and years of criticism by well-meaning critics that a large majority of American resources were being decided on by those who do not share our values and may be

even engaged in actions directly counter to those values. I think there was some justification for that criticism.

Second, there are others who have criticized them because of what has been less than effective management of the application of resources in the areas of conditionality and what have you. As you know, the Secretary of the Treasury has been working very hard to reinstitute those principles effectively.

Third, is just the plain agonizing problem of limited resources for so many constituencies and a feeling—and I would attribute this to the Republican platform—that it was better for the United States to shift more of these resources into bilateral assistance, where the quid pro quos were more easily determined and realized, than in multilateral or assistance.

Now, I am one who has been a voice of caution on that subject, because I share your view, Senator, that we have to recognize that these multilateral institutions provide vehicles for contributory participation and perhaps to do things that politically, domestically here in the United States, we would be unable to do just out of sheer constituency or vested interest opposition.

I have argued vigorously for that and will continue to, that it is important that we continue to fund.

Senator MATHIAS. I know that you have expressed these views in the past. You did so in your confirmation hearings in this very room. I appreciate that fact. But I do think that there is a real possibility that the perception, the outlook of people in Latin America, in Central America, in the Caribbean will be affected by what appears to be a withdrawal of support here. That is a subjective question.

The objective result of that can be that moneys that other countries would be willing to invest in the Bank will go directly to causes that we will find very objectionable.

Secretary HAIG. I agree, sir. I also would suggest that that is one of the things which led the President—as we are going through what I call an evolution of an approach to our multilateral lending institutions—that the Caribbean basin plan was born. We are focusing and putting a spotlight, if you will, on the Caribbean area with a very, very forthcoming American proposal and with participation of the other nations who have the resources, not only in the region but as far distant as Japan and Europe.

I like very much a regional rather than a global approach to these problems, because they can be better tailored to the needs of a region than some template of universal applicability, which frequently creates the distortions that have caused the criticisms with which we are dealing.

Senator MATHIAS. Well, I just hope that you will remind them downtown that when they miss a turn it is always humiliating and often expensive.

Secretary HAIG. I am usually the one who is looking over their shoulder in a rowboat. [Laughter.]

Senator MATHIAS. Let me shift to Europe for just a second. I am sure it has been already said here this morning that the NATO alliance is in a state of crisis. Depending on who is speaking, we hear that Europe no longer trusts the power of the United States, that Europe is too wedded to its wealth, too oriented to the East,

or that Europe does not trust our judgment, or that our fundamental interests have diverged.

There may be some element of truth in each one of these statements. I am wondering how the current economic disputes between the United States and Europe have affected European willingness to cooperate with the United States in our various approaches to the Soviet Union. What kind of spillover do you see between interest rates and steel and agricultural deficits to the issues of cooperation on political and security matters?

Secretary HAIG. Senator, I made a talk in a restricted session recently of the North Atlantic Council, at the foreign ministers session. In that talk I made a point in which I believe rather fervently, that in the years ahead, especially in the upcoming year, economic issues will play an increasingly political role. And I share your view that some of the hiccups of criticism about Western unity have very, very important economic roots.

For example, Europe and the United States are experiencing unusual economic problems and, as bad as they are here in the United States, I can assure you that they are far worse in most of our European capitals. Unemployment levels and productivity have declined and there is a lack of competitive market position. Protectionism at the center of it is prevailing.

Senator MATHIAS. I do not want to interrupt you, but before my time runs out and we go from the yellow light to red let me get down to the guts of this. Is this dragging us down to the lowest common denominator of cooperation?

In other words, when you get to the point that it really hurts, where it hits the pocketbook, as canceling the Ruhr gas pipeline would hurt the Germans or—let us be honest about it—putting on a grain embargo would hurt us—we cannot achieve those kinds of levels of cooperation?

Secretary HAIG. I am more optimistic than that, Senator. I think achieving them is a very important and sensitive issue, and if we get impatient about it and fail to make the effort then we surely are going to fail. We may fail anyway, but I think we have to protect, even without the Polish situation, what is a growing inclination toward protectionism.

I think we can all take comfort from the recent attitude of the Government of Japan in this area, where we have had an increasing set of concerns and where they apparently now are going to take some specific measures. We have been engaged, Bill Brock, myself, Jack Block in the European Commission, trying to bring forth our concerns, especially in the agricultural area and in the steel area, that difficulties are developing which could clearly hemorrhage across the Atlantic.

Now, the Polish situation complicates that and it complicates the Polish situation, you are right.

Senator MATHIAS. Thank you.

The CHAIRMAN. Senator Mathias, thank you very much.

Senator Dodd?

Senator DODD. Thank you, Mr. Chairman.

Mr. Secretary, I appreciate the opportunity to spend some time with you this morning as well. I would like to jump immediately to

your response to Senator Tsongas' question. You mentioned possible repercussions should President Duarte invite Mr. Ungo to participate in a negotiation or join an electoral process.

It seems to me that your response to my inquiry was that this response could come from his temporary allies, and that that indicates two things: First, as President Duarte is less than in full control of certain forces in El Salvador and second, that if President Duarte would be disinclined to extend such an invitation, it certainly seems more understandable why the moderate left is unwilling to participate in an electoral process if the President of the country would run the risk of having his throat slit by merely inviting the opposition to negotiate.

I would like you to comment, if you would not have some reluctance about participating in discussing what might happen to President Duarte.

Secretary HAIG. Thank heaven you asked the question, Senator, because that is precisely not what I said. I may have been less than articulate in what I intended to say, and that very seldom happens.

Senator DODD. I thought you were very clear.

Secretary HAIG. In the first place, I want to correct one aspect of your question, and that is that I said Duarte had extended an invitation to Mr. Ungo to participate in the election process under whatever negotiated arrangements they might jointly agree upon, and not to negotiate in the sense of sharing power as contrasted to letting the people decide who will have the power.

Now, with respect to Mr. Ungo and his willingness to join in such a process, I said that he might be taking some risks by agreeing to do it, and the risk would be from the extreme left, the totalitarian left, the Marxist-Leninist Sandinista Havana-Moscow left.

We have seen examples of that in past history and I do not want to lay out a blueprint because they are still sensitive.

Senator DODD. Before I ask you a series of questions that I had, let me make clear my own part, and I think I speak for others who are expressing concerns about our continued involvement in El Salvador. I am no less concerned than you or the administration about the possibility of having a government to our south which could be inimical to our own national security interests. I think it is more a question of how we approach that problem and what the likely results are of two different courses of action.

With that in mind, there was a report on December 4 or 5, I think, in the Boston Globe written by William Beecher in which he suggested that around the middle of November a meeting occurred at the National Security Council to discuss a series of actions that might be taken or that would be taken against Cuba, Nicaragua, and other nations in Central America.

Let me ask you, one, whether or not in fact such a meeting did occur, and two, did you participate in such a meeting?

Secretary HAIG. First, Senator, let me tell you, maybe I am a unique character in this town, but I don't ever in public sessions talk about National Security Council meetings. I think it is self-defeating and dangerous, and that is not being critical of a serious question, but it is a rule that I live by, and I think that is the President's policy.

Senator DODD. The reason I bring it up is this. Having just come back a couple of weeks ago from Nicaragua and Colombia and a number of other countries in the Caribbean, I, too, am deeply distressed over the potential buildup, but I am perplexed as to why that buildup would occur other than for the reasons stated. Nations which take such action usually, rightly or wrongly, do so because of a perceived threat of some kind or other.

It is in that conjunction that the article in the Boston Globe and subsequent reports would indicate that maybe in their minds there may be some justification for the kind of actions they are taking. You have not been shy in saying in the past in public forums that you would take any and all steps—in fact, this morning, in your prepared statement you said, whatever steps may be necessary to curtail that kind of overthrow in Central America.

So, I would like to know more specifically what we are thinking about in some of these areas. It might help me and others to understand why Nicaragua, and Cuba may be engaging in some of the activities in which they are engaging.

Secretary HAIG. Well, first, if I may, let me touch upon the premise of your question. I share your view that totalitarian regimes historically, habitually, and inevitably exploit their people by diverting resources from them to defense needs under the guise of facing growing threat from the Western democracies, the United States or whoever. The Sandinistas are no exception.

Now, that does present a problem for us in dealing with truth and reality, but we cannot let that distort truth and reality. For example, no objective observer could accept the premise, although he might be told as an innocent citizen in Nicaragua, while that it is a fact that these plans to strengthen Nicaragua's Armed Forces, to import excessive levels of armaments from the Soviet Union and their proxies, including Cuba, were not in place well before this administration came into office, and well before any of the vigorous language that you are talking about, including today's statements, were promulgated by the United States.

Our reactions are reactions to their actions. We have to be very, very careful that we don't contribute to the brainwashing that is exercised daily in Nicaragua in that area.

Senator DODD. I guess what I am getting at is who takes first actions, but we seem to be moving further and further away from achieving some accommodation as the level of rhetoric and one action exceeds the other, and the likelihood that we are going to achieve some sort of semblance of peace in our own hemisphere seems further and further removed as each day goes by.

Just this morning—let me read the quote. "We will take any and all steps necessary." Well, I appreciate the importance of that. I don't presume, for instance, that you are considering direct involvement of U.S. combat troops in El Salvador, for instance. Is that true, by the way?

Secretary HAIG. If you read my statement carefully, I think I pointed out that we have been and we have made honest, objective efforts to discuss our concerns with both the leftist leaders in Nicaragua and as the President pointed out, with Cuba. Thus far, those efforts have been answered by continued internal repression and increased

levels of armament shipments, increased insurgent activity in El Salvador.

So, it is not as though we haven't made the effort, Senator. We have made the effort. The response from the other side has been calculated to suggest that such an effort has not produced results.

Now, with respect to what action we are going to take, I think you know me well enough, having fenced with me here before, that I am not about to lay out a litany of actions that we may or may not take in the period ahead, other than to suggest to you that we are actively considering a whole range of options. Nothing has been cast aside involving political, economic, and security-related steps. That has been our position from the beginning. But let me be sure that our dialog doesn't end with the connotation that it is these actions that are the cause of the problem in Central America today. They are a response to the problems created by Marxism-Leninism and Cuban interventionism in this hemisphere. That is the growing collective view of the nations of the region who are threatened.

Senator DODD. My time has expired. Perhaps if we have a little extra time we can go into this further. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Dodd.

Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman.

First, I would like to say I felt like applauding when Senator Lugar finished his questions, because I certainly share the concern of all the Midwest Senators for severe economic distortions in our domestic policy that are being influenced by foreign policy. I also think that the actions that have been taken by the administration so far have been very reasoned and balanced. But obviously there is a threat of total, across-the-board sanctions and the possibility of calling in the Polish loans.

This is the first question that I have. It seems to me that as we try to analyze what should be done, it is important to keep in mind what we hope to accomplish in Poland. I would like to know how you view that.

My second question concerns Central America. You mentioned the right of self-determination in El Salvador, which we all support. There is another election coming up in March in Guatemala. This is a country that has an alienated population. I would like to know if you feel in the absence of immediate and drastic reforms in Guatemala that we can support the Guatemalan Government.

Secretary HAIG. First, Senator, with respect to your question on Poland, I would suggest that not only has foreign policy distorted some of the domestic programs, but the reverse has been true as well.

Senator KASSEBAUM. In agriculture?

Secretary HAIG. On occasion, yes, so it is a two-way street, and everyone has his own cross to bear.

Senator KASSEBAUM. Well, we always appear to be parochial when we speak of grain embargoes, but I think their effectiveness has been very disappointing. I have analyzed them with regard to Afghanistan, Rhodesia, and Iran. The history of these sanctions is important to keep in mind.

Secretary HAIG. I do not disagree with that. With respect to Poland, of course, our fundamental objectives are the three ob-

jectives the President has cited, and which our Western European partners were out ahead of us in stating. Incidentally, we often get concerned about their lethargy. Those are release of the prisonere and detainees, return to a human rights situation, in which the fres labor movement and the church are preserved, and a dialog of reconciliation develops, and the lifting of martial law, but basically we are talking about that.

Senator KASSEBAUM. Do we feel, though, that sanctions across the board could bring that about?

Secretary HAIG. I think this is the difficult question that we talked about earlier. I am not a strong advocate for sanctions, and we must also remember another thing. If we attribute this clampdown directly or indirectly to the Soviet Union, you have to be sure that we are focused on the right place, and not punishing the people of Poland. We cannot support a government which has been pressing those people, but we have to help those people maybe more rather than less in the period ahead in humanitarian terms.

We have to look at a full array of "sanctions." Sanctions have narrowly been thought of in economic terms, but I would rather look at it in a broader sense, and that is the broad East-West relationship, where the Soviet Union has a stake in maintaining a reasonably elegant dialog with the West. They are dependent on our technology. They are dependent on our credits. They are dependent on our good will. They seek arms control, as do we. They are bogged down in Afghanistan. They are increasingly suffering the pangs of centrifugal pressures of the kind we are witnessing in Poland.

We hope that they can join with us in reciprocity and restraint in the conduct of their affairs. Now, we can't exclusively look at economic sanctions, grain embargoes, or anything else to effect a change of mind. On the other hand, you have to remember that for 18 months the Soviets were restrained from a clampdown in Poland, for whatever reason. I happen to think it was the anguishing prospect of violence, further international isolation in political and psychological terms, in the wake of Afghanistan, the costs to them of bearing the burden of an economic basket case and that is what we are talking about, which probably will have more effect. But there is no reason for us to conclude that those restraints which kept the Soviets from clamping down and let them devise the indirect methods they are using to clamp down suddenly appeared just because they are starting the process. It is in our interest to work with our allies and those who share our values to refurbish whatever those restraints were across the broad spectrum.

I hope I have put the thing into some context.

Senator KASSEBAUM. Now, the second part of the question, on Guatemala.

Secretary HAIG. We are very disturbed by the upswing of violence in Guatemala. If I have ever seen an embryo Salvador, for different reasons, a different set of problems, it is Guatemala. No one is going to endorse some of the repressions of the Government forces any more than we can afford to endorse the growing interventionism from outside sources which is adding to the kind of alienation which already existed, on which you touched, and which is exploiting that alienation. Always, there must be something to exploit.

We made it very clear to the Government down there that they are going to have to take certain steps, and I am hopeful, and I suppose I can't afford to be anything but an optimist, that we will see some improvement, and when we do, I think we are going to have to be extremely conscious of the alternative of letting this thing drift.

Senator KASSEBAUM. Would it not work to our benefit perhaps to give them an ultimatum that, indeed, these changes must be made? There is from all sides the belief that there will not be a very fair election in Guatemala. Such an ultimatum would put them on the line, as far as effecting some immediate changes that would work to our benefit, as well, in seeing the conditions improve.

Secretary HAIG. Without endorsing the benefits of ultimata, let me suggest that we are very conscious of the problem, and we are working daily and hourly, and we are not insensitive to your concerns.

Senator KASSEBAUM. Thank you, Mr. Secretary.

The CHAIRMAN. Thank you very much.

Senator Boschwitz?

Senator BOSCHWITZ. I hope the Secretary is not running out of time.

The CHAIRMAN. The Secretary has made arrangements to stay until we finish the first round of questions today, and we thank you very much for that, Mr. Secretary.

Senator BOSCHWITZ. Yes. Thank you very much, Mr. Secretary, for staying.

I don't want to beat to death the horse that has been brought to your attention a number of times this morning, that is, the embargo of agricultural products. I do want to thank you for the actions you took together with Secretary Block and Secretary Baldridge, and also the Trade Ambassador, in our discussions with the European Community, preventing them from imposing higher levies on soybean products and also with respect to their subsidizing of agricultural exports. This certainly is an important issue, it is a most important issue. It is a larger issue, really, than the trade embargoes against Russia.

We on the Agriculture Committee, on my subcommittee, are going to hold hearings starting tomorrow on the efficiency and effectiveness of embargoes; the history of embargoes, including analysis of the Russian agricultural system and its productivity; the cost of the embargo to ourselves, the cost of the embargo to the Russians; and whether or not it has effectively prevented their actions. We pretty much have gone over that ground.

As Senator Lugar pointed out, even suggesting an embargo or even suggesting that we will not negotiate a new bilateral agreement—because, as you know, in the case of the socialist countries we deal only with them on the basis of bilateral agreements, which is not the case with other countries—even that has caused business to go elsewhere, not only from those countries but from other countries who are concerned about their relationship with us. I could certainly cite some instances.

So, hopefully, the State Department will be in attendance, and, if they wish, testify. We will have the hearings tomorrow and Friday, and we can arrange for another day, too. The futility of those embargoes has been discussed many times during the course of the morning.

I also want to note that many people make the argument that if we don't cause our own economy to suffer, or if we don't suffer a little bit, the other countries will not join us in some way. However, experience has indicated that they haven't joined us, and that we have suffered a great deal. Hopefully, in view of your statements that this is different from 1956 or 1968 or at the time of the Berlin crisis—hopefully, they will join us.

Quite clearly, the Russians and the Socialist nations would be severely hampered if there were an overall embargo, not only of agriculture but of technological products. So, hopefully, there will be some cooperation, and I specifically invite your representative to come to the hearings that begin tomorrow and to participate in them as we continue.

It would be a terribly costly thing to even imply or say that we will not enter into negotiations on a new grain agreement, or suggest that an embargo is going to be in the offing. I agree with you that that is not the only problem of the farm sector, and that there are great surpluses. A lot of those surpluses exist because of our failure to accommodate our foreign customers, of which Russia certainly was among the biggest.

We also are going to hold hearings later this month with respect to the Japanese and the various obstacles that they put in our way in agriculture. The hearings that we recently held with respect to the European Community were helpful to you, I understand, in your negotiations.

Mr. Secretary, I am also the chairman on this committee of the Subcommittee on the Near East and South Asia, which extends from Morocco all the way to Bangladesh and Nepal, so I would like to raise some brief questions, unless you want to comment on the agricultural matter, about several instances within the purview of my subcommittee.

Let's take Morocco. You mentioned that in your opening statement. Is there some evidence that we are making some progress, or that the King is making some progress there?

Secretary HAIG. There is a meeting that is about to occur in which this issue will again be addressed. There have been some recent problems, and I would call it somewhat of a deterioration in the effort toward a referendum and a peaceful solution in that new levels of armaments have appeared in the Polisario inventory. There has been a flurry of diplomatic activity in which the King of Morocco and the Algerians hopefully are getting some kind of convergence of view on this, hopefully, but I think it is too early to say.

I am encouraged at the meetings taking place here, I think it is at the end of this week or early next week.

Senator BOSCHWITZ. I certainly would support the efforts that you make, Mr. Secretary, in behalf of the Government and in behalf of resolving that issue. It is not clear to me whether or not the Libyans have left the northern part of Chad, where the reserves of uranium are. Have they left that area as well?

Secretary HAIG. I don't think it can be answered at this juncture. We have not found any evidence that the pullout is not complete. On the other hand, we are very concerned that stockpiles of arms were left, and that the infrastructure was dismantled on a wide scale,

and that there are clearly continuing Libyan interests in either a return or a proxy return.

Senator BOSCHWITZ. Let me turn to Israel for the moment. You mentioned in your opening statement some progress that you had made. You also mentioned the subject of emigration from Russia, which as you know has taken an enormous decline from in excess of 50,000 2 years ago to less than 10,000. You said you had addressed that issue. Does it look like there will be a return to larger emigration allowed by the Russians?

Secretary HAIG. I have no basis for any encouragement.

Senator BOSCHWITZ. That is unfortunate. I also noted that the Israelis seem to have announced through the press some of their efforts, some of their plans with respect to the negotiations now occurring on autonomy. I would presume that announcing these in a public way is going to constrict the ability to move forward on that. Would you agree with that? Would you wish to comment on that?

Secretary HAIG. Well, first, Senator, you always have to sort out what is an official Israeli Government position and what you read in the Israeli press. The Israelis enjoy the same very open approach to that as we do, and I wouldn't have it otherwise. But I think you are talking specifically about the document that was released, I think this morning or yesterday evening, which laid out their concept of autonomy and the authorities that they are prepared to turn over to the populations of the West Bank and Gaza, some 13 of them.

Now, I was aware of this document and asked them to hold up on releasing it publicly initially. That was during my first trip 3 weeks ago. I urged them to be sure that they didn't just drop it under the public perception without having provided the Egyptian Government a copy of that paper. I think they have done all that.

Therefore, I don't think it is a counterproductive step, but rather a step that I would support, because it does show for the first time a degree of real flexibility has been brought to bear on the question of autonomy. It doesn't answer all the questions, and I told that, frankly, to the Israeli Government. There are a lot of unstated aspects of the autonomy question that will continue to be a source of paranoia, but on balance I would say it is a constructive step, although your observations are not without value.

Senator BOSCHWITZ. I also noted that it did show some flexibility, but it wasn't clear to me whether or not showing that flexibility in the press would hinder or allow the negotiations to proceed more swiftly.

Secretary HAIG. In a coalition and in an open society like that there are no secrets, even when you don't put it in the press.

Senator BOSCHWITZ. Oh, yes, perhaps even less so than here.

The CHAIRMAN. Senator Pressler.

Thank you, Senator Boschwitz.

Senator PRESSLER. Thank you, Mr. Chairman.

First of all, being the last Senator to ask questions, some of the areas that I wanted to ask about have been covered, but I want to join in what Senator Lugar and Senator Kassebaum have said about the Polish debt, and I join very strongly in what Senator Boschwitz has said regarding the agricultural embargo.

Let me say regarding the Polish debt that at the very same time we were showing a film about sanctions and other actions, we were simul-

taneously repaying a portion of the Polish debt which, otherwise, the Russians may have had to come up with.

Let me ask you a question on Poland. I recently returned from a trip there. I met with Archbishop Glemp. I have a feeling that we are not going through the Catholic Church enough or through Archbishop Glemp. Glemp is really an independent, outspoken person. In my meeting with him—and the American Ambassador was there, and his people were taking notes, so it wasn't anything that he thought was secret—it was an on the record thing—he was very outspokenly critical of the Russians and of the military regime.

I wonder if we are going through Glemp enough, if we are paying enough attention to the power of the church there, with over 8,000 parishes and 90 percent of the Polish people as practicing Catholics. I got the feeling that we had not extensively cultivated or worked through Glemp in our food aid policymaking and in our whole effort there. Do you have a comment on that?

Secretary HAIG. Yes, and I would also like to comment on your original remark, which runs counter to fact. The facts are that the action we took on the CCC credit will require the Soviet Union to make that money good. Had we called default, they would have been relieved of that obligation. That is the very point I was trying to make, and I would love to have some of our experts come and talk to you, Senator, so that you will understand what the unanimous opinion is on that among our experts, so that the mythology created in the American press by erroneous reporting does not continue to be carried forward.

Senator PRESSLER. I would appreciate that very much. I fail to understand, if we had not done this, why there would have been default had not the Russians helped out. This repressive regime from which we are shutting off $750 million worth of food sales, in order to put them in a bind, wouldn't it have put them in a worse bind had we not done that? And you say there is no disagreement among your experts on that point?

Secretary HAIG. That is right.

Senator PRESSLER. I would like to go through the whole thing.

Secretary HAIG. Well, I think you would benefit from it, but not to burden the rest of the committee, that was the issue.

Senator PRESSLER. Well, I will meet with you this afternoon, because I am one of those who disagrees with that, very frankly.

Secretary HAIG. You may feel more comfortable after you have our facts, which may differ from yours.

On the subject of the Catholic Church, I can assure you that we stay reasonably close to this without ever crossing a line which could have cataclysmic consequences for the church in its degree of freedom in Poland today. I think one thing on which you have commented, without getting into a sensitive part, is a clear reflection of the degree of autonomy that the Catholic Church in Poland today has achieved, probably not over the last 18 months, but over the last 30 years, and it is a very precious and important aspect of the future of Poland.

Let me not go beyond accepting your intervention as a serious one, and not get into problems that would be created for the church or the objectives that we commonly seek.

Senator PRESSLER. Certainly. How do you see the next 2 or 3 months in terms of food aid, clothing aid, medicine aid, and organizations such as CARE and Catholic Relief Services?

Secretary HAIG. We have about $65 million of the original allocation of food assistance for Poland which has yet to be delivered. We have shifted that delivery exclusively to Catholic Relief Service, with which we have been working and cooperating from the beginning, as well as the other international agencies.

The problem with both of them is that they are glutted. They have reached a peak level of delivery. Incidentally, that $65 million probably would feed 2 million Poles for a 6-month period. That is the yardstick that we have. So, we are now looking at other vehicles other than the Catholic Church. We will be working very closely with the Catholic Relief Service, of course. I met twice with the administrator of them, Cardinal Kroll of Philadelphia, who has been an active supporter of this activity, but we are looking at other possibilities, and that is that we might have to create a special organization to facilitate, if the human conditions require it, and perhaps even work with the Government, providing we have absolute guarantees and assurances and onsite verification that that food gets to the people and not to the Army and the Government that is suppressing the people.

Senator PRESSLER. Mr. Secretary, on another subject, regarding the AWACS sale, at the time of the sale, we were given certain assurances in a letter from the President, and also certain oral assurances, and I do want to monitor that from time to time. We are now into that 5-year period before the first delivery. How, in your opinion, has Saudi behavior been during the first few months? Are we still within the terms of the agreement?

Secretary HAIG. I think so. You may be referring to a newspaper report of a gulf state meeting, which I noticed might connote something different than what we had been assured, but that did not come from a Saudi source. Secretary Weinberger will be in Riyadh in the immediate future, where further discussions will be conducted on the terms for the AWACS sale. Thus far, I think everything is on track.

Senator PRESSLER. I was one of those who voted for the AWACS with certain understandings. I think that is something that we do need to monitor. I will be writing you an indepth letter along those lines.

Mr. Secretary, under my subcommittee falls the law of the sea, and I know that we are now reentering the negotiations on law of the sea. Do you anticipate that our negotiators will insist on major changes in that draft before it is accepted?

Secretary HAIG. I think it is premature to describe the changes that we will seek as major changes or profound changes or drastic changes. We have very serious problems with certain aspects of the deep seabed mining regime contained in the accord, in the draft accord. Almost every other aspect, I think, is reasonably acceptable to the United States. There is some synergetic interrelationship. The President has just reviewed this thing very, very carefully, and we know where we would seek change and would feel change was necessary, and perhaps even conditional. I don't want to put it in

terms of a rigid formula which our negotiators are going in to demand, and say this is the bottom line, but rather would look for these improvements on a broad front through give-and-take negotiations, with the hope of having compromise.

Incidentally, there is a great deal of support for most of our concerns by other nations who experience comparable problems with the draft as it is now established.

Senator PRESSLER. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Pressler.

Secretary Haig, we very much appreciate your extending your time this morning. We will keep the record open until the end of the day for any Senators who have questions but who were unable to get their questions in to you. We very much appreciate your candor and the tremendous edification that you have given us on these complex subjects.

[Additional questions and answers follow:]

STATE DEPARTMENT'S RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

*Question 1.* There is considerable sentiment in this country for a more totally confrontational posture toward the Soviets if they don't let up on Poland. How do you react to this? What specific ingredients might be part of such policy? What limits should it have? How effective would a U.S. confrontational stance toward the Soviet Union be without the support of our major European Allies?

Answer. The United States response to date has already imposed a cost on the Soviet Union for its behavior toward Poland. In particular the steps announced by the President December 29 have resulted in Soviet losses of hard currency earnings and the introduction of new long-term uncertainties into Soviet planning. We have made clear throughout that more steps may be necessary and that our actions will depend upon our assessment of the overall situation in Poland. While it would not be useful or appropriate to list specific measures which might be taken in various contingencies, we have made clear to the Soviets both publicly and privately that no aspect of the U.S.-Soviet relationship can be insulated from the impact of irresponsible Soviet behavior in Poland or elsewhere. At the same time, we intend to go forward with a comprehensive U.S.-Soviet dialogue on outstanding issues as demonstrated by the Secretary's meeting in Geneva with Soviet Foreign Minister Gromyko. It is also our intention to go forward with the talks on reductions of intermediate-range nuclear forces in Geneva and with preparations for strategic arms reductions talks when the time is right. A major factor in the effectiveness of whatever steps we take in response to the Polish crisis is the support of our major European Allies. The Allies have been moving toward strong actions against the U.S.S.R., and measures already taken by them will have a significant cumulative impact.

*Question 2.* Increasing difficulty in rationalizing rapprochement with the East, and economic hard times, are putting great stress on West German domestic politics and its role in Alliance consensus building. Is Germany re-entering something of a post-war identity crisis? How should Americans view, and react to, West Germany today?

Answer. Events of recent months have demonstrated that relations between the Federal Republic and its Western allies, especially the United States, have become more complicated. This development stems primarily from two factors: (*a*) the increasing complexity of problems facing the Atlantic Alliance and the difficulty faced by Atlantic societies in reconciling broader social, political and economic trends with the requirements of Atlantic unity; (*b*) the passage of power in the Federal Republic from the generation which grew up during or immediately after the war to a generation with no direct recollection of the different times following 1945.

These tendencies are visible in all European societies. However, the unique historical and geographic situation of the Federal Republic makes them appear in starker contrast in Germany. The situation in the Federal Republic is not an

identity crisis as such. West Germany remains firmly committed to the Atlantic Alliance and to Western pluralistic democracy. What is occurring is a deep internal debate about the goals and purposes of modern industrial society. Since the United States and the Western Alliance have for so long formed an important foundation for development of modern society in the Federal Republic, a questioning of many of the assumptions of the modern world also leads to a questioning of many of the long held assumptions about foreign policy. This leads to a complication of day-to-day relations.

However, even this debate must be kept in perspective. Opinion polls continue to demonstrate overwhelming support among the German population for close relations with the United States and continued full participation in NATO. All segments of the German population continue to view a close identity with the West as the preferred course for development of their society. This orientation is manifested in concrete terms through strong German military contributions to NATO, full German support for Western economic goals in the OECD, the IMF and elsewhere, and increasingly active German participation in worldwide political initiatives of the West.

Basic American interests in Europe continue to require the closest possible ties with the Federal Republic. It is also important to maintain German support on operational issues currently before us. To maintain these twin interests it will be important to maintain a sense of perspective about developments in Germany. The Federal Republic is not a burgeoning great power, ready to assume many of the burdens heretofore borne by the United States. Neither has it become weak, pacifist or neutralist. It is a medium sized power with considerable influence and with a deep commitment to the NATO alliance and to friendship with the United States. Many of the current problems are natural developments in a country which has been destroyed by war and divided in the twentieth century. We should understand the special perspective and psychology of the Federal Republic, while at the same time making clear our view of Western interests. We should not shy away from disagreements with the Germans; nor should we interpret differences of view as signs of waning German loyalty. Instead, we should work honestly to maintain a sense of trust and cooperation with the Federal Republic and to complete as much as possible of the business between us.

*Question 3.* What timing do you now foresee for the beginning of START negotiations with the Soviets? What factors will affect this decision?

Answer. Our internal preparations for the START negotiations are moving forward and we will be ready to begin those negotiations as soon as conditions allow. But the START process cannot be insulated from other international events. The continuing repression of the Polish people—in which the Soviet responsibility is clear—obviously constitutes a major setback for East-West relations. There can be no question that the overall climate of East-West relations, in turn, has a serious impact upon the prospects for moving forward in arms control. In the present circumstances, discussion of a specific date for beginning START talks is clearly not appropriate.

*Question 4.* "Aviation Week" reported last month that the development and deployment of an ABM system to protect MX is becoming increasingly emphasized by the Pentagon and that the fiscal year 1983 budget request will contain nearly $1 billion for ABM research. Do you believe that there is a coordinated view within the Administration as to the desirability of proceeding with an actual ABM deployment, one which could well require abrogation or significant modification of the ABM Treaty? What role will the State Department play in the 5-year Treaty review scheduled to be accomplished this year?

Answer. This Administration is carefully studying the feasibility of defending MX with an ABM system. This is, however, only one of at least three alternatives that are being seriously considered to provide a survivable basing mode for MX, the other two being continuous patrol aircraft basing and deep underground basing. This Administration's views on the desirability of proceeding with an actual ABM deployment will depend, in large measure, upon the outcome of the MX basing review in progress and the progress of ongoing ABM research. These technical reviews, when considered by the National Security Council in the context of other relevant defense and foreign policy considerations, will determine whether ABM deployment in connection with MX basing is in our national security interests.

The State Department is responsible for overseeing the Administration's preparations for the ABM Treaty review through its chairmanship of the START interagency group and will thus play a significant role in the treaty review.

*Question 5.* Noting that the Administration's review of the two test ban treaties now pending, the TTBT and PNE treaties, appears to be stalled in the Defense Department, can you explain what is holding the review up and when we might expect to be briefed on the results of the review? Do you agree with ACDA Director Eugene Rostow and Chief SALT Negotiator Rowny that they would support Senate ratification of these treaties, assuming the review turned up no major obstacles?

Answer. The study of these complex issues remains under intense review and is proceeding as quickly as possible. We will brief the Congress as soon as it is completed.

As you know, the threshold treaties present complicated technical issues, especially verification, which may have significant implications for our arms control policy and the U.S. nuclear deterrent. Our ultimate judgment on the ratification of these agreements will depend upon the completion of the study and the resolution of these issues.

*Question 6.* One of the vital areas of the world in which European and American views appear to diverge is in the Middle East. The Europeans, as they have indicated in the Venice Declaration, believe that the Palestinians, including the PLO, must be brought into the peace process. We have rejected any PLO participation. Why are views so different?

Answer. European dissatisfaction with the Camp David process reflects the perception that without greater Palestinian participation in the negotiations an acceptable resolution of Palestinian national aspirations cannot be achieved. The Venice Declaration of the EC–10, therefore, calls for PLO "association" with the negotiating process. However, the Venice Declaration does not provide a practical avenue to achieve the goal of Palestinian participation whether by the PLO or others. It leapfrogs the question of process to focus on a desired result. In contrast, Camp David provides an explicit framework for involving the Palestinian inhabitants of the West Bank and Gaza in meaningful negotiations to determine, first, arrangements during a five-year transitional period and, ultimately, the final status of those territories. While West Bank and Gaza residents have not yet chosen to join the Camp David process, we continue to believe that agreement between Israel and Egypt on the principles which govern an autonomy agreement will prompt Palestinian representatives to join in the negotiation of a detailed agreement.

*Question 7.* Although the Europeans and Japan have a greater dependence on Persian Gulf oil than we do, they have not totally supported U.S. efforts to create a rapid deployment force. While most governments in Europe agree the West needs to be able to project some military strength into that vital region, the United States has been criticized for the size of the proposed U.S. military presence and public pronouncement of our intentions. These critics contend that U.S. actions have actually strengthened anti-Western elements in the region. How do you address these criticisms and what steps are being taken to develop a united Western position?

Answer. Our West European and Japanese allies fully support the U.S. goal of maintaining free access to Middle East oil. They believe that a potential interruption of their supplies represents the most serious threat to their security. By the same token, they recognize that they have only limited capability themselves to counter the threat of direct Soviet aggression and know they must depend primarily on U.S. power and resolve for that task.

Allied criticism of U.S. policies in the area stems from their sensitivity to a perception of the countries of the region that the U.S. presence should be low key and "over the horizon" whenever possible in order not to give the Soviets an excuse to expand their influence further as a so-called "counterweight to U.S. presence." Our differences therefore are more tactical than basic.

These differences have not prevented us from working with our allies to further our ability to defend the area, and by helping to cover shortfalls in U.S. strength elsewhere that may occur because of a contingency in Southwest Asia.

*Question 8.* To what degree do you feel that the countries of the Middle East, Persian Gulf, and Southwest Asian region now share a strategic consensus of the nature and imminence of the Soviet threat? How do their Soviet threat perceptions compare with the intensity of the threats they feel from various regional hostilities?

Answer. The diversity of views held by the nations of the region makes it difficult to argue that there is a complete strategic consensus about the Soviet threat, but there is a generally agreed perception in the area over the importance—and magni-

tude—of the Soviet threat. This issue has concerned some nations (e.g. Saudi Arabia) for years while others have only become aware of its importance more recently. Although the area governments espouse a policy of keeping all major powers out of the region and therefore prefer that the United States deter the Soviets from "over the horizon," many of them are becoming familiar with the in-region requirements of a viable and credible strategy to defend against Soviet or Soviet surrogate aggression. Several have agreed to provide access to their facilities for our use as needed in a contingency. Most have undertaken military modernization programs of their own to bolster their defensive capabilities.

While the Soviet threat is recognized in the area as potentially the most dangerous, the long held perception of all nations there is that Israel represents the prime, immediate threat to their well-being. This is a concern we are seeking to overcome through our continuing progress toward a just and lasting peace between Israel and the Arabs, as well as our military and—where needed—economic support of states in the region, and our steadfast support of the independence and sovereignty of each state there.

*Question 9.* What is your assessment of Soviet prospects in Afghanistan at this point? Might the time soon be ripe again for another attempt to find a negotiated way out on terms acceptable to both the West and the Soviets?

Answer. The Soviets have made virtually no progress in their efforts to suppress the Afghan insurgency or to gain legitimacy for the Kabul regime. The recent increase in Soviet troop levels from 85,000 to more than 90,000—the first such reinforcement in more than 18 months—is evidence of Soviet dissatisfaction with the current battlefield situation. It is too early to tell whether this reinforcement represents a limited adjustment of Soviet tactics or whether it is the initial stage of a major Soviet expansion of the occupation force. The international community, including the United States, continues to express its interest in a negotiated solution involving complete withdrawal of Soviet forces, self-determination for the Afghan people, restoration of Afghanistan's non-aligned status, and a return of the Afghan refugees forced from their homes by the Soviet occupation. Afghanistan continues to be a major element in the U.S.-Soviet dialogue, including at the recent meeting between Secretary Haig and Soviet Foreign Minister Gromyko in Geneva. However, the Soviet Union remains unwilling to negotiate seriously an Afghanistan settlement on terms acceptable to the Afghan people, Pakistan, and the international community.

*Question 10.* If our Allies are reluctant to lend full support to U.S. sanctions, and given the failure of unilateral sanctions in the past, how do we justify the substantial impact we're imposing on companies like Caterpillar, Fiat-Allis, and International Harvester and on the U.S. economy generally, when the likelihood of changing the Soviets' course of action, in their pipeline construction activity for instance, is very small? Can we afford to continue to allow this kind of pressure to burden our already ailing domestic economy?

Answer. The President decided that concrete political and economic steps were necessary to respond to the Soviet role in the repression in Poland. These measures necessarily entail certain sacrifices to U.S. commercial interests. We must take these steps if other countries are to view our sanctions as serious. To mount effective pressure against the Soviets, we are working with our Allies to insure that other countries do not undercut our measures. By taking a leadership role in this crisis, and being willing to forego some commercial benefits, we can help form a unified Allied position to impose a cost on the Soviet Union for its role in the repression in Poland, and to serve as a warning that the Western countries will not continue business as usual with the Soviets under the present circumstances.

While the economic impact of the sanctions on the U.S. economy as a whole is not great, we recognize that certain industries, corporations, and localities will suffer a loss of business and employment due to our measures. Such effects are unfortunate but unavoidable as we adjust our economic relations to the realities of the Soviet role in Poland.

*Question 11.* To what extent can we expect any meaningful or concrete support from our Allies on these sanctions, and I'd especially be interested in your thoughts on the Japanese as it relates to the Caterpillar, International Harvester, and Fiat-Allis cases, the facts of which are available to you.

Answer. Our Allies have pledged not to undercut our sanctions. We continue to discuss with them the implementation of this undertaking and specific cases which have arisen. We have discussed these cases with the Japanese. [Deleted.]

*Question 12.* Specifically, I would like a response to certain provisions in the Export Administration Act which are relevant to the Caterpiller pipelayer issue:

*Section 6(B)1:* Was the willingness of Komatsu to supply pipelayers to the Soviet Union considered before sanctions were imposed?

Answer. Foreign availability of equipment and the need to obtain Allied support in this crisis were evaluated before imposing sanctions. The goals of the sanctions were also considered—to make explicit Western support for reconciliation through negotiation within Polish society and for an end to the Soviet pressure. As noted in a previous question, we have discussed these goals and the sale of pipelayers with the Japanese.

*Section 6B(4):* Was prior consideration actually given to the likely deterioration of U.S. price competitiveness as the Japanese capture an increasing share of the market, and to the importance of the continuous reliable supply of parts to the reputation of U.S. firms abroad?

Answer. These factors were considered. As noted previously, sales of competitive pipelaying equipment by Komatsu of Japan have been discussed with the Japanese in the context of Allied resolve not to undercut each other's measures. The primary purpose of the sanctions was political. While it is difficult to weigh the political necessity of taking resolute action against the potential economic losses to U.S. firms, in this case it was clearly necessary for the West to give greater importance to the political factors. The unusual nature of the circumstances leading to these actions should be apparent to all who might otherwise be led to question the reliability of U.S. firms.

*Section 6(C):* Were the American firms most affected by the economic sanctions like Caterpillar, actually consulted before action was taken?

Answer. Since the United States first imposed controls on oil and gas equipment in 1979, the State and Commerce departments have been in close touch with the firms which manufacture such equipment, including Caterpillar. We were fully aware of their concerns, and the potential economic losses. The Commerce Department informs us that they consulted with firms in the oil and gas industry before the new controls were put into effect.

*Section 6(G):* What steps have other nations offered to take with regard to the imposition of sanctions?

Answer. Since the January 11 NAC meeting we have discussed with our Allies individual national measures to be taken by each country. This process is sometimes a long one—indeed after the U.S. sanctions on Iran were announced in 1980 it took some 4–5 months for the West to implement concrete steps to isolate Iran economically. In the present case, we have made progress. Most of our Allies have agreed to delay negotiations concerning rescheduling Polish official debt, not to offer new official export credits to Poland, and not to undercut each other's sanctions. We continue to discuss a variety of further measures.

*Question 13.* As you know, the President has ordered a suspension of discussions with the Soviets regarding a long-term agricultural agreement. This is of particular interest to the farm belt and Illinois—where one of every two jobs depends on exports. Farm prices are dropping in the Midwest. The price of a bushel of soybeans has dropped by over 20 percent—to $6 per bushel—and soybean meal prices have dropped from $218 a ton to as low as $170 a ton—a drop of 22 percent. Corn is now traded at 25 percent less than last year at this time. Farmers are facing foreclosures and bankruptcies. The rural economy is in serious trouble.

What is so troubling to many farmers is the fact that other nations are moving ahead to negotiate their own long-term agreements with the Soviet Union. Our farmers stand to lose market shares, long after our political problems with the Soviets are solved.

For example, a trade delegation from the National Soybean Processors Association visited the U.S.S.R. in December and was told by Soviet Officials that they are finding new sources for soybeans and corn from such diverse countries as Thailand—for corn—and Brazil and Australia—for feed grains. The Wall Street Journal reported yesterday that the Soviets have turned Argentina into a "virtual trade colony" for wheat and corn. Moreover, National Soybean Processors Association representatives were told by one top Soviet trade official that "the USA is now the last place we will turn . . . we now have other countries to turn to."

In light of all this, Mr. Secretary, does it make any sense to cease negotiating a long-term agreement? Instead of punishing the Soviets, we seem to be only punishing our own farmers and our economy and helping other grain exporting nations, exporting jobs and a better future to them.

Answer. As part of the sanctions package announced in late December in response to the repression in Poland, the President postponed talks on a new long-term U.S.-Soviet grain agreement to replace the one which expires Sep-

tember 30, 1982. The President did not take any measures to limit sales of U.S. grain to the U.S.S.R., although he did suspend sales of other types of products such as oil and gas equipment.

Soviet complicity in the repression of the Polish reform movement is clear. The U.S. response has been measured, but we cannot do business as usual with the U.S.S.R. while repression in Poland continues. As Secretary Block stated in hearings before Senator Boschwitz' subcommittee on February 5, given current bilateral tensions, now is not a good time to negotiate a new long-term grain agreement with the Soviet Union. There is sufficient time before October 1 for decisions and negotiations as needed on the framework for U.S.-Soviet grain trade beyond the duration of the current agreement. An agreement is not necessary for grain sales to the Soviet Union. We make grain sales to many countries without these sales being conducted under the terms of a special grain agreement.

With or without negotiations on a new grain agreement, the level of current tensions is bound to affect the climate surrounding the U.S.-Soviet grain trading relationship. However, U.S. grain shipments to the U.S.S.R. continue to be significant. Already this year the Soviets have purchased 11 million tons of U.S. grain, well above the 6 million ton minimum required under the grain agreement.

The Soviet Union is an important foreign grain market, but U.S. farmers' prosperity depends not on sales to any one country, but on their total exports worldwide.

*Question 14.* Mr. Secretary, I would appreciate your comments on the following article from which I quote the first and third paragraphs (Hoagland's INF article attached).

Answer. This Soviet proposal was publicized in detail in Moscow on February 9. It calls for Soviet-NATO reductions to 300 "medium-range" nuclear systems in Europe by 1990. The proposal is based on familiar Soviet themes which we and our NATO Allies have long made clear cannot provide an acceptable basis for an arms control agreement.

By seeking to include third country systems, the Soviets refuse to accept as a principle for any agreement equality between the United States and the Soviet Union.

The Soviets insist on limiting any agreement to Europe, thus permitting an unlimited build up of nuclear long range Soviet missiles capable of striking Western Europe from elsewhere in the Soviet Union.

By selective inclusion and exclusion of systems, the Soviets base their proposal upon a spurious assessment of the existing balance.

The practical effect of this Soviet proposal if implemented would be to allow the Soviet Union to continue its present modernization program including new deployments of the SS–20 in Europe and unlimited deployments outside Europe while forcing the United States to cancel its planned deployments of Pershing and ground-launched cruise missiles entirely and the West to reduce existing systems in Europe. The sole concession which the Soviets would propose to offer would be the gradual retirement of older systems such as the SS–4 and 5 which the Soviets have maintained they intend to retire in any case. The Soviets would not be required to destroy a single SS–20.

The CHAIRMAN. This meeting is adjourned.

[Whereupon, at 12:21 p.m., the committee adjourned, subject to call of the Chair.]

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